

The Politicisation of the Insider-Outsider Divide in
Western Europe:
Labour Market Vulnerability and its Political
Consequences

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To my parents

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Zusammenfassung

Diese Dissertation untersucht das Potential des Insider/Outsider Konfliktes zu einer politischen Konfliktlinie in Westeuropa. Die Struktur der Dissertation folgt dabei den definierenden Elementen einer Konfliktlinie (Struktur, kollektive Identität und politische Organisation).

Kapitel 1 behandelt die sozio-strukturelle Grundlage von Arbeitsmarktdualisierung und entwickelt eine Messung die es erlaubt sowohl den Outsider Status als auch die Arbeitsmarktverletzlichkeit ('Outsiderness') eines Individuums zu messen. Das zweite Kapitel diskutiert den Einfluss von Arbeitsmarktverletzlichkeit auf wohlfahrtsstaatliche Präferenzen. Es zeigt sich, dass eine höhere Arbeitsmarktverletzlichkeit stärkere Präferenzen für Umverteilung und 'Social Investment', aber geringere Präferenzen für einen sozialversicherungsasierten Wohlfahrtsstaat mit sich zieht.

Kapitel 3 und 4 handeln von der politischen Mobilisierung von Insidern und Outsidern in ausgewählten Ländern. Kapitel 3 widmet sich der Angebotsseite des politischen Wettbewerbs und analysiert die Wahlstrategien von sozialdemokratischen Parteien im Kontext von Arbeitsmarktdualisierung. Das letzte Kapitel untersucht auf der Nachfrageseite des politischen Wettbewerbs, ob sich Insider und Outsider in ihrem Wahlverhalten unterscheiden. Im Schlusskapitel werden die Implikationen der Ergebnisse bezüglich einer Politisierung des Insider/Outsider Konfliktes diskutiert.

Abstract

The thesis analyses the potential of insider/outsider divides for a political cleavage in Western Europe following the defining elements of a cleavage (structure, collective identity and political organisation).

Chapter 1 addresses the socio-structural foundation of labour market dualisation. The chapter develops a risk-based of insiders and outsiders, which allows identifying not only the outsider status of an individual but also the degree of labour market vulnerability ('outsiderness'). Chapter 2 asks how labour market vulnerability is related to welfare state preferences in general. We find that labour market vulnerability increases preferences for redistribution and social investment, but decreases preferences for the equivalence principle.

Chapter 3 and 4 analyse the political mobilization of insiders and outsiders in exemplary countries. Chapter 3 focuses on the supply side of political competition analysing the electoral strategies of social democratic parties in the context of labour market dualisation. The last chapter examines the electoral behaviour of insiders and outsiders, hence the demand side of political competition. The conclusion summarises the implications of my findings for a politicisation of insider/outsider divides.

Introduction

The financial crisis starting in 2008 and the following international debt crisis plunged Europe into a deep economic recession. The economic downturn was accompanied by rising unemployment levels and reinforced the deep divide between individuals who are firmly integrated in the labour market and whose secure jobs protect them from most of the consequences of the economic downturn and those individuals with only unstable labour market attachment. When the media's attention shifted to these '*indignados*' – as they were named in Spain – it became clear that labour market vulnerability is not randomly spread across the population. Rather, women, low-skilled, and, above all in the Southern European countries, young adults face difficulties to acquire a firm position in the labour market. The economic crisis has accentuated the employment crisis, but even before, some social groups have found it increasingly hard to compete in the labour market and struggled between spells of temporary work, unemployment, or part-time work (Oesch 2006, Esping-Andersen 2009, Chauvel 2009). The divide of the workforce in insiders with secure positions and outsiders with weak labour market attachment – called labour market dualisation – is a trend that we have observed in advanced industrial societies since the 1980s (Saint-Paul 2002, Rueda 2005, 2007, Palier and Thelen 2010, Emmenegger et al. 2012a). Since then, the labour market has become more unequal, both in terms of outcomes (wages) and access (economic inclusion) and the redistributive capacity of social policies has decreased (Emmenegger et al. 2012b). At the same time, income differences have increased since the 1980s (OECD 2008, 2011). This is not only because wages of the low-skilled are stagnant (Kenworthy 2008), but also because the gap

between the highest and middle earners has widened, most of all in the Anglo-Saxon countries but also in Western Europe (Leigh 2007, Kenworthy 2008, OECD 2008). Labour markets have also become more unequal in terms of access. The ‘old’ labour market risk of unemployment has – after the golden age of full employment – become widespread again and more persistent. In addition, ‘new’ labour market risks, such as atypical employment or precarious employment have become common as result of social change, skill-based technological change, tertiarization and increased demands for a flexible labour force. Indeed, most of job growth in Europe since the 1980s is due to atypical forms of employment like part-time, temporary or fixed term employment (Plougmann 2003, OECD 2008, 2011) that are characterised by higher insecurity and lower social rights than standard employment (Kalleberg et al. 2000, Burgoon and Dekker 2010).

The origins and development of labour market dualisation, its translation in social protection dualisms and the political and institutional factors contributing to the institutionalisation of dualisation are increasingly well researched (Esping-Andersen 1990, 1999b, Rueda 2006, 2007, Iversen and Stephens 2008, Palier and Thelen 2010, Emmenegger et al. 2012a). By contrast, the political implications of labour market dualisation are less well understood. Only recently, insider-outsider divides and the ‘politics of dualisation’ appeared on the research agenda of political science. My thesis focuses on the political consequences of the unequal distribution of labour market vulnerability and segmentation of labour markets in insiders and outsiders. How does labour market vulnerability affect political preferences, especially when it comes to labour markets and welfare policies? What are its electoral consequences? And how do parties

react to these increased and new forms of inequality in the population? These are the questions addressed in my thesis. The conflict potential between insiders and outsiders should be considerable, given that labour market segmentation results in different economic prospects for insiders and outsiders in terms of actual income (Häusermann and Schwander 2012b), but also in different social rights (regarding pension benefits see Häusermann 2010, Anderson 2012, Jessoula 2012, Jessoula and Hinrichs 2012, Häusermann and Schwander 2012a, regarding employment protection see Rueda 2007 and Palier and Thelen 2010, see Palier and Thelen 2010 also regarding social rights in general).

I examine the potential of the insider-outsider divide for a political conflict through the lenses of the cleavage approach. For a cleavage to be fully developed, three elements are needed: a *socio-structural element* dividing the society in two groups, a *normative element*, i.e. shared collective identity and shared political values and beliefs resulting in divergent political preferences, and an *organisational element*, i.e. expression of the conflict on the level of organisations such as parties, unions, the church or other politically relevant organisations (Bartolini and Mair 1990). Thus, I will examine a) the socio-structural foundation of dualisation, i.e. whether the risk for atypical employment and unemployment is structured in stable socio-economic groups and whether being an outsider entails empirical labour market disadvantages, b) whether insiders and outsiders have distinct political preferences in terms of labour market policies and, more broadly, in terms of social policies, c) how the divide between insiders and outsiders is taken up by political parties, and more specifically, by social democratic parties, d) to what extent

insiders and outsiders participate in elections and, once they have decided to participate, how they vote.

The thesis has two parts each comprising two chapters. The first part addresses the socio-structural foundation of labour market vulnerability and the political preferences of insiders and outsiders, i.e. the first two elements of a potential insider-outsider-cleavage. First, I examine the structure of labour market vulnerability or ‘outsiderness’ in advanced industrial societies. The first chapter, entitled *Who is in and who is out? A risk based conceptualisation of insiders and outsiders* (co-authored with Silja Häusermann and submitted to the Journal of European Social Policy), explores the main independent variable of my thesis. We argue that in order to analyse political preferences of insiders and outsiders and the political mobilisation potential of dualisation, insiders and outsiders must be categorised on the basis of more stable categories that shape their life circumstances over a longer run. Thus, in contrast to the existing literature on insider-outsider divides, which relies on the current employment status to measure insiders and outsiders, we consider outsiders as individuals with a particularly high risk for unemployment and atypical employment over their entire employment careers. The chapter seeks to establish who is at higher risk for unemployment or atypical employment in advanced industrial societies, and develops a more socio-structural measure of insiders and outsiders. We show the distribution of this risk across 18 advanced industrial societies and four welfare regimes. An important finding is that labour market vulnerability affects high-skilled individuals too. The chapter also deals with the normative element of a

cleavage. We provide a first assessment of insiders and outsiders' political preferences by analysing their preferences regarding labour market policies.

While Chapter 1 refers to policy preferences quite narrowly related to the distinction between insiders and outsiders, the second chapter, entitled *Explaining welfare preferences in dualized societies: Determinants of insider-outsider divides in Europe* (co-authored with Silja Häusermann and Thomas Kurer) broadens the focus and asks how labour market vulnerability is related to welfare state preferences in general. We argue that the effect of labour market vulnerability is not limited to policies of immediate importance to the insider/outsider distinction and show that it consistently impinges on preferences for social policies across Western Europe. The higher labour market risk of an individual, the more she or he prefers a redistributive or social investment welfare state. Individuals with low labour market vulnerability, in turn, favour a welfare state based on the equivalence principle. We also establish an interaction effect with human capital levels.

A second issue of Chapter 2 refers more closely to the potential of the insider-outsider divide for a political conflict: Although we find differences in social policy preferences between insiders and outsiders, differences are small. We attempt to explain why the size of the preference-divide is not as pronounced as we would expect given the unequal economic prospects of insiders and outsiders relating the risk structure and household formation to the formation of political preferences.

The second part of the thesis refers to the organisational element of the potential insider-outsider cleavage and analyses the political mobilisation of insiders and outsiders with

regard to exemplary cases on both demand and supply sides of political competition. The crucial explanatory factor here is party competition. I analyse parties' responses to the new forms of inequality among the electorate in Chapter 3, entitled *Are social democratic parties really insider-parties? Social democratic electoral strategies in Western Europe* (submitted to *Politics & Society*). As the title says, the focus is on electoral strategies of social democratic parties: Do social democratic parties aim at mobilising insiders as postulated in the literature on the politics of dualisation or do they focus on outsiders as economically vulnerable members of society as we can expect from a social democratic party? I argue that social democratic parties try to mobilise a large electoral coalition that includes both insiders and outsiders with different skill levels. The exact composition of the electoral coalition depends on the electoral incentives set by party competition. In order to mobilise such a coalition, the social democratic party addresses in its electoral campaign the interests of those segments of the electorate for which it has a party competitor. I analyse the electoral strategies of the social democratic parties in Britain, Spain, France, Germany, the Netherlands and Switzerland with a newly collected dataset based on party positions related to insider-outsider relevant issues. This dataset refers to media coverage of electoral campaigns between 2007 and 2010.

Chapter 4, entitled *The politics of dualisation: The electoral behaviour of insiders and outsiders in Germany, France and Britain* (submitted to the *British Journal of Political Science*) examines the electoral behaviour of insiders and outsiders in three exemplary countries (Germany, France and Britain). Drawing on data from the *Comparative Study of Electoral Systems* I show that the electoral behaviour of insiders and outsiders varies according to the electoral strategy of the social democratic party, which, in turn, is

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explained by the party system, and the party alternatives that the party systems offers. A second factor accounting for cross-national differences in electoral behaviour of insiders and outsiders is the incumbency status of the social democratic party. The mobilisation of both insiders and outsiders is more feasible for a social democratic party if it is in the opposition.

Part I: Structure of labour market vulnerability and individual preferences of insiders and outsiders

This part of the thesis addresses the structure of the insider-outsider divide and preferences of insiders and outsiders with regard to labour market and welfare state policies. It is thus situated on the demand side of political competition. To analyse structure of dualisation and collective identity of insiders and outsiders across countries and regimes, we conduct large N-studies using data from different surveys such as the European Union Statistics on Income and Living Conditions (2007), various national household panels (2007), the International Social Survey Programme Work Orientation III (2005) and Role of Government IV (2006) and the European Social Survey, round 4 (2008), covering a range of 13 to 18 advanced industrial societies.

One of the main objectives of the first part is to investigate the socio-structural foundation of dualisation and to enhance our understanding of the politics of dualisation. Here, we link the literature on the politics of dualisation and insider-outsider divides with the more sociological literature on labour market vulnerability by conceptualising insiders and outsiders on the basis of an individual's risk for atypical employment and unemployment. We develop both a dichotomous operationalisation of insiders and outsiders and a continuous operationalisation of outsidership, i.e. the extent to which someone is an insider or an outsider. With this operationalisation, we go beyond the simple dichotomy of insiders versus outsiders, differentiating between various degrees of outsiders and relating labour market risks to more stable social and economic categories. This enables us to

study the effect of outsidersness on political preferences in a more sophisticated way taking into account the composition of the outsider group across countries and welfare regimes and the degree of outsidersness of an individual.

The debate on the politics of dualisation and insider-outsider divides has developed only recently. For example, the question whether insiders and outsiders dispose of divergent labour market policy preferences is still ongoing (see Rueda 2005 and Burgoon and Dekker 2010 for positive findings, while Emmenegger 2009 and Barrows 2012 do not find divergent preferences between insiders and outsiders). We contribute to this debate by analysing labour market policy preferences of insiders and outsiders with the new operationalisations. Further, we analyse insiders and outsiders' preferences for specific social policies. By doing so, we go beyond the notion that welfare state preferences differ only with regard to 'more' or 'less' state intervention. Research on welfare state preferences on the individual level has shown that support for the welfare state is not to be equated with support for redistribution (Moene and Wallerstein 2003, explicitly referring to welfare state preferences in the context of dualisation, see Fernández-Albertos and Manzano 2011). Similarly, we show that insiders and outsiders favour a different kind of welfare state but both are in favour of a 'strong' welfare state. This also demonstrates that the political relevance of the insider-outsider divide goes beyond policies that are of immediate importance for the insider/outsider distinction. However, the substantive size of preference differences leaves us rather pessimistic for a political mobilisation of the insiders-outsider divide. This also means that only weak 'bottom-up' pressure for a better integration of outsiders is likely to manifest itself in a durable way.

Chapter 1: Who is in and who is out? A risk based conceptualisation of insiders and outsiders

co-authored with Silja Häusermann

Earlier versions of this article have been presented at the Annual Meeting 2009 of the American Political Science Association in Toronto, CA and at the 17th International Conference of Europeanists 2010 in Montreal, CA. We would like to thank David Rueda, Margarita Estévez-Abe and John D. Stephens, the participants of these conferences for helpful comments and two anonymous reviewers of the Journal for European Social Policy for their helpful comments.

Introduction

Since the 1970s, labour markets and family structures have undergone tremendous changes. With these transformations, employment patterns have changed. The standard post-war model of stable full-time employment – often lifelong for the same company – does not correspond to the employment biographies of most individuals anymore. There are two reasons for this, the first being unemployment, especially long-term unemployment, which has again become common in most Western societies (OECD 2006). Secondly, an ever-growing share of the workforce can be found in so-called atypical forms of employment. Part-time and temporary work has become widespread and accounts for most of job creation in the EU since the 1990s (Plougmann 2003, OECD 2006, 2010). Since welfare states were created in the industrial era to cover the ‘average production worker’, this deviation from previously standard employment patterns may result in specific risks of poverty and welfare losses, especially if welfare entitlement is closely linked to employment, as in the social insurance welfare states of Continental Europe (Palier 2010b).

As a consequence of this transformation of labour markets and its welfare implications, the links between weak or flexible labour market attachment, social and economic (dis-) advantages and political opinions have become an important topic on the research agendas in labour market sociology (Ranci 2010, Tomlinson and Walker 2012, Polavieja 2005, Burgoon and Dekker 2010) and political science, mostly in the context of the rapidly growing literature on dualisation, i.e. the divide between labour market insiders and outsiders (see e.g. Rueda 2005, 2006, 2007, Emmenegger 2009, 2010, Emmenegger et al.

2012, Lindvall and Rueda 2012, King and Rueda 2008, as well as Davidsson and Naczyk 2009 for an overview). We consider the literature on dualisation as an attempt to systematise and aggregate different forms of labour market vulnerability and flexibility in a way that allows exploring their political implications, both at the individual level of preferences and political behaviour, and at the macro-level of policy reforms. However, few contributions have actually invested theoretically and empirically in discussing and validating the conceptualisation and measurement of insiders and outsiders. Rather, most of them have referred to the conceptualisation and measurement previously used in micro-economics (e.g. Saint-Paul 1998, Lindbeck and Snower 2001), which is based on an individuals' current labour market status (fully employed vs. atypically or unemployed). We would like to argue, however, that political preferences and political behaviour are not only shaped by individuals' current situations but also by their expectations and perceptions concerning their (future) labour market risks. Such expectations depend strongly on the socio-structural environment of an individual, i.e. on the occurrence of labour market vulnerability in one's specific social group. Individuals in specific social and occupational groups are more or less likely to experience different forms of atypical employment (often alternating with spells of unemployment) throughout their employment biography. Many women, for example, work full time at a young age, withdraw from the labour market on account of childrearing and re-enter the labour market years later to take a part-time job. Hence, their employment trajectory clearly differs from the standard model of full time insider employment, but a snapshot of their employment status at a specific point in time would not reveal this. Since their entire (prospective or retrospective) employment trajectory is likely to affect their political

behaviour and views, we may want to evaluate their risk of being (and thinking like) an outsider on the basis of the social and occupational group they belong to, rather than on the basis of their short-term labour market situation.

Therefore, we would like to propose and explore a conceptualisation of insiders and outsiders based on their *risk of being atypically employed or unemployed*. We do this in both a *dichotomous* and a *continuous* variant.

The article is structured as following: We first theorise our measures and compare them to other definitions of insiders/outsiders. In a second step, we operationalise the risk of atypical employment and unemployment, and we propose a ‘map of dualisation’ that presents insiders and outsiders across regimes and countries, based on EU-SILC data from 2007 and additional household panel survey data for countries not included in EU-SILC. In a third step, we relate our measures to the key indicators of labour market advantage and disadvantage, income and upward job mobility prospects. In the last part of the article, we show that our measures predict differences in insider-outsider preferences for active and passive labour market policies as hypothesised in the literature.

Theory

Post-industrial foundations of dualised labour markets

Over the past 30 years, the economies of the advanced Western democracies have transitioned to a post-industrial social and economic structure. In the industrial era, the

industry and the growing public sector were able to provide stable, full time and well-insured jobs for virtually the entire male workforce. In the post-industrial era, however, unemployment rates and, especially, long-term unemployment rates have increased (OECD 2006) and most of job growth is due to atypical employment forms such as part-time employment and temporary or fixed term contracted work (Plougmann 2003). As a consequence, fewer labour market participants work in stable standard employment relations, which were so typical of the booming post-war decades. For instance, the number of workers on temporary contracts across the European Union has been growing by 15-20% *annually* since the 1980s – a figure, which represents about ten times the overall rate of employment growth (Standing 1993: 433, see also Esping-Andersen 1999b). Similarly, part-time employment accounts for close to 80 percent of the net job creation in the EU since the mid 1990s (Plougmann 2003). Of course, part of this flexibilisation can be seen as a response to increased demands for more flexible employment conditions. However, research shows that fixed-term contracts tend to imply economic disadvantages and cannot be considered reliable ‘bridging’ jobs into permanent employment (Booth et al. 2000, Kalleberg, Reskin and Hudson 2000, Booth et al. 2002, Gash 2008). Furthermore, even voluntary atypical work leads to lower social rights in the European social insurance welfare states. Hence, atypical work and unemployment can generally be interpreted as conditions of increased social and labour market vulnerability. This growing segmentation of the labour market in secure jobs and more ‘vulnerable’, unstable jobs is known as ‘dualisation of the labour market’ (Saint-Paul 2002, Rueda 2005, 2007, Palier and Thelen 2010). It is a trend that affects all advanced post-industrial economies, but which differs in its extent and social stratification regarding who is

affected. Atypical employment – denoting here all employment relations that deviate from standard and permanent employment – is, e.g., clearly gendered in many countries.

Especially for women in Continental Europe, atypical employment is generally the norm rather than the exception (Esping-Andersen 1999a, 2009). Similarly, atypical employment is more widespread among younger labour market entrants in a range of Continental and Southern European countries (e.g. Chauvel 2009) than among the elderly workforce.

Conceptualising labour market vulnerability - defining insiders and outsiders at the micro-level

One may ask whether it makes sense to aggregate different forms of atypical employment and unemployment into specific groups, especially two groups of insiders and outsiders only. From a labour market sociology perspective, the answer is probably negative, but from a political science perspective, the aim is to identify broad socio-structural patterns of preferences and divides, which may be thought of as latent conflicts that may or may not be politicised and mobilised in terms of dualisation. Furthermore, the existing research shows that despite the heterogeneity of the groups of insiders and outsiders, this distinction is more than a mere academic notation, as it has political implications in terms of individual political preferences¹ (for preferences on job protection, see Rueda 2005,

¹ Not all insider-outsider divides in preferences are uncontroversial, though, and the most debated are certainly preferences regarding employment protection. Insiders benefit from strong employment protection, while outsiders are forced to stay out of the primary labour market or to work in ‘dead-end’ jobs (Lindbeck and Snower 2001: 167). Insiders also benefit from the fact that outsiders function as employment buffers in times of an economic downturn (Rueda 2005: 61). Consequently, insiders are supposed to strongly advocate employment protection, whereas outsiders are supposed to be less keen on employment protection for two reasons; first, it constitutes an entry barrier, and second, it increases the insiders’ market power vis-à-vis their company (Saint-Paul 1998, 2002). Emmenegger (2009), however, questions a direct relationship between outsider-status and preferences for job security.

2007, Emmenegger 2009, on party preferences see Lindvall and Rueda 2012, on preferences for social policy see Burgoon and Dekker 2010, as well as Häusermann and Schwander 2009, 2011, and Häusermann and Walter 2010).

We would like to contribute to this literature by proposing a new conceptualisation of insiders and outsiders and two new measures of it, one dichotomous (similar to the existing one) and one continuous, which allows a more fine-grained measurement of individual labour market vulnerability. In most of the existing literature, insiders and outsiders are distinguished on the basis of their employment status at a particular point in time (i.e. the point when a particular survey is conducted). All respondents who are in stable employment are coded as insiders, while all ‘unemployed, involuntary fixed-term employed and involuntary part-time employed’ are coded as outsiders (Rueda 2007: 14-15, see also Lindbeck and Snower 2001, Saint-Paul 1998, 2002, Emmenegger 2009). The validity of conceptualisations obviously always depends on the specific research question one investigates. Hence, if one is interested in labour market processes (e.g. wage negotiations), the conceptualisation on the basis of employment status may indeed meet its analytical purpose. However, if we are interested in politics, i.e. policy preferences and mobilisation, we may need a conceptualisation that classifies insiders and outsiders on the basis of less ephemeral social and economic characteristics, which impact on the opportunities and constraints of individuals over a longer time span. This means that individuals might develop political preferences depending on their expectations about

Outsiders may also favour strong employment protection, because of their hope of becoming an insider later in their career, for household relationships and labour solidarity (Emmenegger 2009: 134ff).

labour market risks, expectations that are strongly linked to the labour market prospects of their social group or ‘milieu’.

A definition of insiders and outsiders based on risk comes with a number of advantages and disadvantages as compared to the more widespread measure based on labour market status. The disadvantage is that we attribute characteristics to an individual that are derived from its specific social group, i.e. we might attribute an individual a labour market risk that is never going to become manifest. This implies a number of empirical problems, especially for the dichotomous measure, which we address below when discussing the operationalisation. On the other hand, we see three possible interests in a risk-based measure: first, it is less vulnerable to the problem of volatility, i.e. the fact that labour market status may be too unstable to affect an individual’s political preferences (see Emmenegger 2009 for a similar argument). Indeed, if people repeatedly move back and forth between standard and non-standard employment, i.e. if post-industrial societies are fluid and mobile, a categorisation of insiders and outsiders on the basis of their current labour market status may lead to problems of misclassification. Therefore, we argue in favour of a conceptualisation of labour market risk that is based on a more stable category, namely *occupational classes*. People may change from unemployment to employment within a few months, and they may even change jobs within the same time span, but they do not change their occupational class (i.e. the ‘type’ of job they are in) quickly (Goldthorpe et al. 1987, Mayer 2000). Of course, even occupational categories are not the perfect empirical basis for evaluating long-term employment trajectories. Ideally, we would rely on data tracing employment biographies over their work life. Such data, however, is not available on a comparative basis. We therefore rely on occupational

categories as a proxy for employment biographies. They measure permanent, structural disadvantages more reliably than a snapshot of labour market status. Think of women in Continental Europe who may be employed full time at young age, but who will experience periods of career interruption or atypical employment later on, a fact they are generally well aware of, meaning that the anticipation of future atypical employment will shape their attitudes and preferences. They do have a vulnerable labour market biography, irrespective of particular spells of full time employment. In sum, our argument is that people form identities and preferences *not* on the basis of a momentary labour market status, but with regard to their general, expected employment biography. We will argue below that post-industrial class theory holds the adequate conceptual tools to approximate these employment biographies.

A second advantage of a risk-based measure is that a conceptualisation based on current labour market status suggests the idea of two relatively homogeneous groups of insiders and outsiders. However, outsiders are a heterogeneous category. We find groups of people with ‘typically atypical’ work biographies both among high- and low-skilled, in different economic sectors, age groups etc. Consider these examples of typical outsiders: A woman working part-time in retail, a graphic designer working freelance on fixed-term projects, a recent university graduate who is being repeatedly employed on the basis of one-year contracts, or an unskilled unemployed worker. All of them are typical outsiders (in particular countries), but they are different in many aspects regarding their social risks and economic opportunities, which may be relevant depending on the research question. In a similar vein, Esping-Andersen (1999b), Kitschelt and Rehm (2006) and Häusermann

(2010) show that the ‘B-team’ of post-industrial societies is very heterogeneous, as the category of outsiders contains very different social groups. What these groups share – and what separates them from insiders – is a high risk of experiencing atypical employment during the course of their lives. A measure based on occupational profiles allows for differentiating between the heterogeneous group of outsiders and insiders in theoretically and empirically meaningful ways depending on particular research interests.

Nevertheless, and this third advantage is linked to our previous point, one may ask whether it makes sense to conceptualise insiders and outsiders in two groups at all, since these two groups will necessarily have a strong within-group heterogeneity. Such a dichotomy only makes sense theoretically, if the two groups share a certain degree of social closure, which may structure their political preferences. As a consequence, insiders and outsiders may be mobilised by political actors. Our approach to this is on one side empirical: if we find significant differences between insiders and outsiders in terms of labour market characteristics and political preferences *despite the heterogeneity of the two groups*, it means that the distinction of insiders and outsiders makes sense.

However, we consider the dichotomous measure generally as a weakness, because it entails a loss of information on different degrees of labour market vulnerability that is analytically problematic. Given that we measure outsiders based on risk rather than on status, we are able to develop a continuous measure of the *extent of labour market vulnerability*, which we may also call a *degree of outsidersness*.

Measuring the risk of atypical employment and unemployment

Following the above arguments, we define labour market outsiders as those individuals who incur a particularly high probability of being in atypical employment and/or unemployment. The question is how we can *measure* this risk. We propose to categorise individuals based on the characteristics of their occupational reference group, rather than on mere individual-level characteristics. The probability of experiencing unemployment or atypical employment obviously depends on the frequency – or rate of occurrence – within the relevant occupational category of an individual. We argue that class, gender and age form the relevant categories, which relate the individual to a social group sharing similar risks regarding atypical employment. Classes are socio-structural groups characterised by a particular situation in the production process (i.e. in the labour market), which shapes their resources, latent interests and preferences.² Class schemes are based on occupational profiles (Erikson and Goldthorpe 1993, Wright 1997, Oesch 2006), because people in similar professions tend to share permanent, structural commonalities, meaning that classes are characterised by a certain degree of ‘social closure’. Post-industrial societies are still structured in different, relatively stable groups or classes, which share similar employment conditions. Class is therefore a meaningful starting point for the identification of group-specific risks of unemployment and atypical employment. We empirically rely on the class schema by Oesch (2006), which is explicitly developed to reflect post-industrial societies in two regards; a) it takes into account a heterogeneous middle class (Kriesi 1998), and b) it distinguishes between different types of low-skilled

² Oesch (2006) advocates a pragmatic use of the notoriously contested concept of class: ‘class is simply referred to as a proxy for similarity in the position within the occupational system’ (2006: 13). We share this definition that eludes the normative discussions and implications of the concept of class.

employees who can no longer be reasonably subsumed under a single category of (blue-collar or manual) workers (Oesch 2006: 98ff).

We follow Rehm and Kitschelt (2005), who argue that the Oesch class schema can be regrouped into five ‘class groups’. The location of the five class groups in the occupational structure is shown in Table 1: Capital accumulators are high-skilled managers, self-employed and experts. Socio-cultural professionals are high-skilled professionals in interpersonal professions, most of them in the public and private service sector. Lower skilled workers are differentiated into three groups; blue-collar workers are unskilled and skilled workers mostly in the industry, low service functionaries are unskilled and skilled employees in interpersonal services, and mixed service functionaries are routine and skilled workers in jobs with mostly organisational work logic. Table 1 presents the location of the five classes in the class schema.

Table 1: The post-industrial class schema

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers, liberal professionals and petty bourgeoisie with employees (<i>e.g. entrepreneurs, lawyers</i>)	Technical experts (<i>e.g. executive engineers</i>) Capital accumulators (CA)	Higher-grade and associate managers (<i>e.g. financial and managing executives</i>)	Socio-cultural (semi)-professionals (<i>e.g. teachers, health professionals</i>)	Professional/managerial
Capital accumulators (CA)	Technicians (<i>e.g. engineers</i>) Mixed service functionaries MSF	Capital accumulators (CA)	Socio-cultural professionals SCP	Associate professional / managerial
Petty bourgeoisie without employees (<i>small shopkeepers</i>)	Skilled crafts and routine operatives (<i>e.g. machine operators, laborers in construction</i>)	Skilled and routine office workers (<i>e.g. office clerks</i>)	Skilled and unskilled service (<i>e.g. salespersons, waiters</i>)	Generally / vocationally skilled
Mixed service functionaries MSF	Blue-collar workers BC	Mixed service functionaries MSF	Low service functionaries LSF	Unskilled

Note: Based on Oesch (2006) and Kitschelt and Rehm (2005); adapted from Häusermann (2010). For the classification of occupations (ISCO-2d codes) see appendix 1.

We use these five classes as starting point. We also know that post-industrial labour market advantages are not only structured by class but also by gender and age. Much of the relevant literature points out that the insider-outsider divide is clearly gendered (Esping-Andersen 1999a: 308, 2009, Taylor-Gooby 1991, Kitschelt and Rehm 2006, Häusermann and Schwander 2009, Emmenegger 2010), and that research on dualisation must be linked to research on gender segregated labour markets (Davidsson and Naczyk 2009: 5). Other studies point to the fact that post-industrial labour markets also tend to hold different occupational prospects for younger and older workers, confronting younger workers with more volatile and instable labour markets, while older workers enjoy more

job protection (Esping-Andersen 1999b, Kitschelt and Rehm 2006, Chauvel 2009).³ We therefore disaggregate the post-industrial classes further according to gender and age (except for capital accumulators, which are clearly the most privileged group in the labor market and therefore considered insiders by definition). The combination of 4 classes, 2 sexes and 2 age groups (below/above 40) leaves us with 17 occupational groups, which are the basis of our measurement of unemployment/atypical employment risk. We limit ourselves to only two age groups and draw the line at 40 for practical reasons and because most European countries have still a considerable part of young adults in education at the age of 30 (Couppié and Mansuy 2003). Considering that acquiring a firm position in the labour market requires another couple of years, a substantial share of people in their thirties must still be counted as labour market entrants.

Once established the 17 groups, we compare the group-specific rates of unemployment and atypical employment (combined) to the average rate in the workforce. Atypical employment includes involuntary part-time employment, fixed-term employment and helping family members.⁴ These group- and workforce-specific rates can be calculated both for pooled sets of welfare regimes and for countries individually. Previous work on

³ Another criterion that is related to outsider-status in the dualisation literature is migration status (see Emmenegger and Careja 2012). We do not include migration because we are not interested in the migration status itself but in the risk of atypical employment. If migrants face a higher risk of atypical employment, this is reflected in rate of their socio-structural group.

⁴ A related question refers to the quality of fixed-term jobs, for which we are unfortunately unable to distinguish between voluntary and involuntary forms of fixed-term employment because of data non-availability. Research on the permeability of temporary work has shown that the transition to permanent employment depends on various factors such as the sector of employment (Booth et al. 2000), or the composition of the temporary workforce (Gash 2008), but generally, fixed-term contracts are followed by other fixed-term contracts or unemployment for the vast majority of temporary employed (Booth et al. 2000: 10) and most temporary employed express a preference for a permanent contract (Kalleberg et al. 1997), i.e. they can be considered involuntarily fixed-term employed. Therefore, all fixed-term contracts are included in our measure of labour market vulnerability / outsidersness.

the insider-outsider divide across welfare regimes has shown that variation in the composition of insiders and outsiders exists both between welfare regimes and within regimes (Häusermann and Schwander 2009, 2012b). As this is an explorative article suggesting various operationalisations, we do both: the *welfare regime-specific* operationalisation implies that we pool our occupational groups across all countries belonging to a regime and compare rates of atypical employment to the regime-average, while the *country-specific* operationalisation implies that we do the same for each country individually.

For the *dichotomous measure of insiders and outsiders*, we select all groups that have a rate of atypical employment and unemployment that is significantly ($p < .05$) higher than the workforce average and we code all individuals in these groups as outsiders. For the *continuous measure of outsidersness*, we subtract the workforce average rate from the group-specific rate and use the difference as value of labour market vulnerability or ‘degree of outsidersness’ that we then attribute to all individuals in this specific group. In this article, we apply this operationalisation to EU-SILC data from 2007 (complemented by three national household panel surveys for countries missing in the EU-SILC)⁵. The level of detail of household panel data and the number of respondents (3500-8250 respondents for each country in the EU-SILC) is unrivalled by other comparative surveys. It thus allows a precise measurement across countries even for those groups, which are naturally small such as old female blue-collar workers, for example.

⁵ For countries missing in the SILC data (Australia, Canada and USA) we supplement the information about the distribution of the risk for atypical employment with national household panels that provides us with the same amount of respondents and detailed information. For the USA we used the ‘American Time Use Survey (ATUS)’, for Canada the ‘Survey of Labour and Income Dynamics (SLID)’ and for Australia ‘The Household, Income and Labour Dynamics in Australia (HILDA)’.

The high number of respondents is also crucial, since we rely on labour market conditions that may affect small portions of the electorate only (unemployment, temporary employment, etc.).

Table 2 presents descriptive information on the distribution of individuals in the different categories and their group-specific deviation in percentage points from the workforce average rate of unemployment and atypical employment (which corresponds to their ‘degree of outsidersness’). We have highlighted all groups whose group-specific average significantly exceeds the workforce average (‘outsiders’). We show only the regime-specific operationalisation in this table for reasons of space. Table 3 is based on Table 2, showing the share of outsiders among different groups of the workforce, as well as the mean of labour market vulnerability – i.e. outsidersness – of these groups.

The structure: Who is in and who is out?

Table 2: Map of dualisation: difference between the group-specific rate of atypical employment / unemployment and the rate among the entire workforce

Liberal regime				Nordic regime			Continental regime			Southern regime				
(Australia, Canada, Britain, Ireland, USA)		N	Atypical work/ Unempl.	(Denmark, Finland, Norway, Sweden)		Atypical work/ Unempl.	(Austria, Belgium, France, Germany, Netherlands, Switzerland)		N	Atypical work/ Unempl.	(Greek, Italy, Portugal, Spain)		N	Atypical work/ Unempl.
Outsiders	LSF young women	5,019	36.5	LSF young women	2,267	30.1	LSF young women	3,177	30.9	LSF young women	3,789	26.4		
Insiders	LSF young men	3,370	19.3	LSF young men	962	13.7	LSF young men	1,439	-5.2	LSF young men	2,014	3.7		
	LSF old women	4,035	18.8	LSF old women	3,039	16.3	LSF old women	3,974	33.9	LSF old women	3,939	22.6		
	LSF old men	2,389	-8.0	LSF old men	847	-4.3	LSF old men	1,568	-14.0	LSF old men	1,867	-17.1		
	SCP young women	5,342	6.9	SCP young women	2,390	9.4	SCP young women	4,418	17.5	SCP young women	2,842	8.1		
	SCP young men	2,287	-5.1	SCP young men	1,285	-5.0	SCP young men	2,367	-14.0	SCP young men	1,606	-8.4		
	SCP old women	5,291	0.0	SCP old women	4,128	2.1	SCP old women	5,384	17.5	SCP old women	2,898	-13.6		
	SCP old men	2,856	-14.0	SCP old men	2,395	-9.8	SCP old men	3,940	-21.1	SCP old men	2,533	-27.3		
	BC young women	1,074	12.2	BC young women	557	9.8	BC young women	869	16.9	BC young women	1,648	20.5		
	BC young men	7,282	-2.4	BC young men	3,291	-7.6	BC young men	4,950	-12.6	BC young men	6,446	-2.1		
	BC old women	1,466	4.6	BC old women	1,005	2.9	BC old women	1,222	22.2	BC old women	2,602	33.2		
	BC old men	7,676	-9.9	BC old men	4,637	-9.6	BC old men	5,720	-17.9	BC old men	7,124	-8.4		
	MSF young women	4,491	10.1	MSF young women	770	15.2	MSF young women	2,792	15.8	MSF young women	2,144	10.2		
	MSF young men	2,644	1.5	MSF young men	741	-6.3	MSF young men	2,187	-17.7	MSF young men	1,646	-7.8		
	MSF old women	4,782	-0.5	MSF old women	1,546	6.5	MSF old women	3,323	20.3	MSF old women	1,588	-4.1		
	MSF old men	2,335	-15.1	MSF old men	1,058	-10.7	MSF old men	2,665	-23.8	MSF old men	1,750	-25.6		
	CA	16,903	-18.6	CA	5,693	-13.6	CA	8,764	-21.1	CA	5,004	-23.2		
	Total	77,164		Total	36,319		Total	57,256		Total	50,636			
	Entire workforce		29.8	Entire workforce		20.3	Entire workforce		38.6	Entire workforce		36.3		
	Minimum		-18.6	Minimum		-13.6	Minimum		-23.8	Minimum		-27.3		
	Maximum		36.5	Maximum		30.1	Maximum		33.9	Maximum		33.2		

Note: Values are the difference between the group-specific rate of atypical employment / unemployment and the rate among the entire workforce (outsiderness). Highlighted are those groups with significantly higher rates than the workforce average (outsiders); based on EU-SILC 2007, data for Australia, Canada and USA is based on country-specific national household panels from 2007. Abbreviations: LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators (see Table 1). Young means < 40; old means > 40

Table 3: Labour market vulnerability in different groups of the workforce

	Liberal regime		Nordic regime		Continental Regime		Southern regime	
	% of outsiders	Mean of outsidersness	% of outsiders	Mean of outsidersness	% of outsiders	Mean of outsidersness	% of outsiders	Mean of outsidersness
... among total workforce	34.5	1.4	32.6	-1.8	47.0	1.5	38.0	0.4
... among women	59.5	8.4	62.0	7.6	94.3	21.4	73.9	14.3
... among young	54.8	6.6	51.6	3.1	48.0	2.7	53.8	5.2
... among low-skilled individuals	40.1	3.2	37.1	-0.6	50.6	3.8	39.0	1.9
... among high-skilled individuals	31.0	-1.6	24.3	-1.9	43.0	-2.7	34.8	-4.5

Note: '%% of outsiders' means the percentage of individuals which belong to a social group with a rate of unemployment and atypical employment that is significantly higher than the workforce average. 'Mean of outsidersness' denotes the average deviation (in percentage points) of the group-specific rates from the average workforce rates (see Table 2). Numbers are based on the regime-specific operationalisations and based on EU-SILC 2007, data for Australia, Canada and USA is based on country-specific national household panels.

Two main insights result from Tables 2 and 3. Firstly, even though there are variations in the composition of insiders and outsiders across regimes, female and young labour market participants experience atypical employment and unemployment more strongly than men and elderly employees in all regimes. In all four regimes, young female low service functionaries are most strongly affected by these forms of labour market vulnerability than any other group. Their rate of atypical employment and unemployment exceeds the regime-specific average rate by 25.2 to 34.2 percentage points. By contrast, high-skilled elder men and capital accumulators experience the lowest risk of atypical employment and unemployment. The clear gender bias is particularly strong in the Continental regime: 94.3 percent of women are outsiders when using the dichotomous measure and their mean value of outsidersness lies by more than 20 percentage points above the mean of the workforce. This is more than in the other three regimes, where women's outsidersness exceeds the average by 7.6 to 14.3 percentage points. Young labour market participants are particularly strongly affected in the Liberal and Southern regimes, where more than half of the young belong to social groups disproportionally affected by atypical

employment and unemployment. Despite, the mean of outsidership among the young is higher than the mean of the entire workforce in all regimes.

The second insight resulting from Table 2 and Table 3 is that both insiders and outsiders are heterogeneous in terms of skills and education level. The high-skilled are not shielded from atypical employment. Between 24.3 (in the Nordic regime) and 43 percent (in the Continental regime) of high-skilled belong to groups experiencing rates of unemployment and atypical employment that lie significantly above the workforce average. Many high-skilled women, for example, work in part-time jobs and many graduates find their way into the labour market through fixed-term contracts only. Even though it may make sense – depending on the research question – to analyse low- and high-skilled labour market vulnerability separately, it is important to notice that atypical work in particular has spread widely into the higher skilled classes, with all the social and political correlates in terms of poor social security coverage and weak political mobilisation that this implies (for a discussion of the issue of highly skilled outsiders, see also Polavieja 2005, Davidsson and Nacyk 2009).

However, it is true that ‘high-skilled outsidership’ is particularly a matter of involuntary part-time employment and fixed-term contracts, rather than being driven by unemployment. To illustrate this more clearly, and to differentiate these forms of labour market vulnerability, we calculated the rates of unemployment and the rates of involuntary part-time and temporary work separately. The resulting tables are shown in appendix 2.1 and 2.2. Not unexpectedly, the risk of unemployment turns out to be more strongly skill-biased than the risk of atypical employment: If we were to define outsiders

solely on the basis of unemployment, they would almost exclusively be found among the low service functionaries and blue-collar workers. Nevertheless, age and gender remain relevant in structuring the risk for unemployment. In all regimes, blue-collar workers, as well as female and young male low service functionaries have particularly high rates of unemployment. In contrast to unemployment, atypical employment is generally more gender- and less skill-related, as both high and low-skilled women massively tend to work in involuntary part-time or in temporary work.

Due to space restrictions we cannot present a table with the specific classification of insiders and outsiders for each country in this article.⁶ In general, the regime-specific and the country-specific operationalisations provide very similar results ($r = 0.86$ for the dichotomous measure, $r = 0.94$ for the continuous measure when correlating them at the individual level), but intra-regime variance is stronger in some cases than in others. The Liberal regime is quite homogeneous. The pattern in Australia, Ireland, the US and Britain corresponds to the pattern of the pooled analysis where skills and gender are important in structuring the risk for atypical employment and unemployment. In Canada, the risk for being an outsider is somewhat less gendered than generally in the Liberal regime and more structured by age (contrary to the pooled analysis, young blue-collars and socio-cultural professionals are disproportionately affected by atypical employment and unemployment).

Turning to the Nordic regime, we find that in Sweden and Denmark, there are generally fewer workers affected by a disproportionate risk for atypical employment⁷ and

⁶ Country-specific tables are available from the authors.

⁷ For Denmark, this may be related to missing information about temporary work.

unemployment than in Norway and Finland. In Finland, the risk of being an outsider is stronger age-biased than in the pooled analysis, but in all countries, capital accumulators clearly face the lowest rate of outsidership.

In the Continental regime, the country-specific patterns of outsiders and outsidership are very consistent with the pooled regime-analysis. In all Continental countries, gender is an extremely strong predictor of atypical work and unemployment. Only France deviates: here, skill level and age are equally important in structuring labour market vulnerability. As a result, and contrary to the other countries, French young male low service functionaries are counted as outsiders, whereas elder female socio-cultural professionals are not. Overall, the French pattern is more similar to the Southern regime than to the other Continental countries.

Finally, the countries of the Southern regime form the most homogeneous pattern. Generally, young women and elderly low-skilled women are counted as outsiders in all countries. Age plays an important role too: in Spain and Italy, low-skilled young men too experience slightly higher labour market vulnerability than the national average (this refers to blue-collar workers in Spain and low service functionaries in Italy). Overall, it is noteworthy that the range of outsidership between the minimum value of -27.3 (old male socio-cultural professionals) and the maximum value of 33.2 (old female blue-collar workers) is highest in the Southern regime, indicating strong inequality in terms of labour market vulnerability.

Assessing the validity of the risk-based conceptualisation of insiders and outsiders

To further assess our risk-based conceptualisation of insiders and outsiders, we discuss both the criterion and construct validity of our conceptualisation (see Oesch 2006: 94f, Evans 1992). The *criterion validity* assesses whether a concept measures what it is intended to measure. It depends on measuring outcomes or characteristics that are directly linked to the concept one wants to validate (Evans 1992: 212). For the risk-based conceptualisation of insiders and outsiders this implies that we assess whether the conceptualisation is indeed related to actual differences in labour market (dis)advantages. *Construct validity*, on the other hand, is assessed by testing if a concept predicts other, more distant variables in a theoretically meaningful way (Evans 1992: 212). The literature on dualisation postulates different policy preferences of insiders and outsiders due to their different positions in the labour market (Rueda 2005, Emmenegger 2009). Consequently, we will test whether the risk-based conceptualisation is able to predict differences in such labour market policies preferences.

Analysis of labour market advantages

In this section, we first assess criterion validity by discussing two key indicators of labour market advantages: work income and upward mobility (see also Oesch 2006). We expect outsiders to fare worse on both indicators of labour market advantages. Data wise, we rely on the ISSP Work Orientation III survey (2005), which includes 15 countries.⁸ We use the four insider/outsider measures developed in this article: the dichotomous and continuous

⁸ Australia, Canada, Denmark, Finland, France, Germany, Great Britain, Ireland, Norway, Portugal, Spain, Sweden, Switzerland and the United States.

measures based on the regime-specific rates of atypical employment and unemployment – *outsider/outsiderness (regime)* – as well as both measures based on country-specific rates of atypical employment and unemployment– *outsider/outsiderness (country)*. To control for country-specific differences, we include country dummies in all models and use clustered standard errors. For both dependent variables we specify four models: the first model shows the estimate for the regime-specific, dichotomous measure. Model 2 refers to the country-specific, dichotomous measure. Model 3 uses the regime-specific, continuous measure and model 4 shows the estimate for the country-specific, continuous measure. All models control for age, gender, education, union membership, church attendance, if an individual lives in a couple household and (for the upward mobility) income, following the literature in this field (Emmenegger 2009, Burgoon and Dekker 2010). Details regarding the operationalisation are documented in appendix 3.

Chapter 1

Table 4: Determinants of labour market advantages: Income and promotion chances

	Income				Chances for promotion in current job			
	M1	M2	M3	M4	M1	M2	M3	M4
Outsider (Regime)	-0.277** (0.093)				-0.372*** (0.079)			
Outsider (Country)		-0.242** (0.088)				-0.184* (0.095)		
Outsiderness (Regime)			-0.013*** (0.004)				-0.016*** (0.004)	
Outsiderness (Country)				-0.011** (0.005)				-0.011*** (0.004)
Female	-0.226** (0.087)	-0.247*** (0.080)	-0.169* (0.091)	-0.152* (0.074)	0.015 (0.059)	-0.091 (0.078)	0.050 (0.077)	-0.017 (0.092)
Age	0.004** (0.001)	0.005*** (0.002)	-0.001 (0.002)	-0.000 (0.002)	-0.035*** (0.003)	-0.032*** (0.003)	-0.034*** (0.003)	-0.032*** (0.003)
Education	0.292*** (0.090)	0.298*** (0.092)	0.279*** (0.083)	0.230** (0.086)	0.262*** (0.060)	0.281*** (0.067)	0.255*** (0.061)	0.273*** (0.055)
Union membership	-0.120 (0.119)	-0.113 (0.123)	-0.027 (0.122)	0.124 (0.075)	-0.050 (0.075)	-0.042 (0.073)	-0.067 (0.077)	-0.070 (0.076)
Church attendance	-0.016** (0.007)	-0.016** (0.007)	-0.019** (0.008)	-0.012 (0.007)	0.024* (0.014)	0.024* (0.014)	0.026* (0.015)	0.027* (0.015)
Living in a couple household	0.163*** (0.048)	0.158*** (0.047)	0.141*** (0.043)	0.126** (0.048)	0.042 (0.061)	0.034 (0.060)	0.053 (0.060)	0.054 (0.059)
Income					0.260*** (0.015)	0.266*** (0.014)	0.232*** (0.012)	0.240*** (0.013)
Country fixed effects	yes	yes	yes	yes	yes	yes	yes	yes
Pseudo R ²	0.740	0.740	0.742	0.782	0.035	0.033	0.035	0.034
N	8577	8577	10010	9149	6983	6983	6505	6505

Notes: Values in parentheses are standard errors; OLS regression for income; ordered logistic regression for promotion chances; regressions with clustered standard errors and country dummies; data is weighted country dummies and cut-points not shown due to space restriction; Pseudo R² is the McKley and Zavoina R²; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level; Data source: ISSP Work Orientations III (2005).

The effect of outsidership on income is clear-cut and as expected: Being an outsider has a consistent, strong and negative effect on income regardless of the measure we use. The negative effect of being an outsider (net of all control variables such as gender, age, education etc.) lowers the respondent's income by 277 Euros when we use the regime-specific, dichotomous operationalisation, and by 244 Euros using the country-specific, dichotomous operationalisation. Regarding the effects of the continuous measures, we calculate substantive effects by comparing the estimated income of an individual with the maximum outsidership value to an individual with the minimum outsidership value holding all other variables constant: this difference is 850 Euros for the regime-specific operationalisation and 880 Euros for the country-specific operationalisation.

The control variables show no surprising effects: Gender and church attendance are negatively related to income, while age, high education and living in a couple household have a positive association with income. Union membership does not affect income significantly.

The disadvantaged position of outsiders in the labour market also shows in the subjective assessment of upward mobility. Outsiders are consistently and significantly less likely than insiders to agree to the statement that chances for advancement in their current job are high. In order to discuss the effects substantively, we compare predicted probabilities of agreeing to that statement for insiders and outsiders. We calculate predicted probabilities for an individual with average income and age, holding all other variables at zero, i.e. a 42-years old, not religious, low-skilled male outsider, who lives alone, is not a union member, earns 1878 Euros and lives in France. Compared to an insider, his probability of saying that he definitely expects to be promoted is 9.1 percentage points

lower (regime-based, dichotomous operationalisation). The difference is 4.3 percentage points when we use the country-specific, dichotomous measure. To estimate the substantive effects of the continuous measure, we compare the probabilities of the same individual, attributing him the highest and the lowest value of outsidership (26.4 and -16.5 in France): the net effect of outsidership amounts to 15.6 percentage points. If we use the regime-specific measure, an individual with the highest value (31.9) has a likelihood of 15.7 percent to say that he expects definitively to be promoted, while the likelihood for the same individual with the lowest labour market vulnerability (-18.5) is 33.6 percent. This is a difference of 17.9 percentage points. Hence, being an outsider and labour market vulnerability more generally have substantial net effects on subjective promotion prospects, which are independent from other determinants such as age, gender and education.

Turning to the control variables, we see that high-skilled employees and high income earners are more optimistic about their career advancement prospects while elder employees assess their career chances less optimistically. The other control variables do not display significant effects, with the exception of church attendance being slightly positively related with the subjective assessment of upward mobility.⁹

We conclude from this section that the risk-based measure of outsiders is valid, insofar as we find significant differences in labour market advantages between insiders and outsiders. This holds even for the dichotomous measures, despite the heterogeneity of

⁹ We tested whether the results hold only in high unemployment countries because fixed-term employment is thought to be more problematic in these countries. Similarly, unemployment is more persistent in countries of high unemployment. However, for neither of the two indicators of labour market disadvantage do we find stronger effects in high unemployment countries (results available from the authors). See also footnote 13.

these two groups. Literature on social closure of post-industrial classes (Oesch 2006) and reproduction of poverty spells over generations (Tomlinson and Walker 2012) shows that these differences are persistent over time. Such a longitudinal analysis, however, lies beyond the scope of this article.

Analysis of preferences for labour market policies

We now move to the discussion of the construct validity. The literature on dualisation suggests that insiders and outsiders hold different preferences regarding labour market policies. We replicate these analyses of the existing insider-outsider literature using our measures. For this part of the analysis, we rely on ISSP Role of Government IV 2006 survey data, which includes the same 15 countries as before plus the Netherlands. To predict labour market policy preferences of insiders and outsiders we use ordered logit regressions. Our main focus in this analysis is on the direction and consistency of effects, rather than the magnitude and substantive differences, which are notoriously small in all micro-level analyses (see Rueda 2005, Emmenegger 2009).

The existing literature (most clearly so Rueda 2005, and Emmenegger 2009) has evidenced insider-outsider preferences with regard to active labour market policies. As an indicator of preferences for *active* labour market policies (ALMP), we use a question asking respondents whether they agree that the government is responsible for providing a job for everyone who wants one. We operationalise preferences for *passive* labour market

policies (PLMP) with a question asking if the respondent agrees that the government should spend more on unemployment benefits.¹⁰

Table 5 shows the estimates of preferences for active and passive labour market policies. For each dependent variable, models 1-4 test the influence of labour market vulnerability with regard to the four different risk-based measures of outsider and outsidership. The models include the same set of control variables as before.

¹⁰ Both Emmenegger (2009) and Rueda (2005) refrain from operationalising preferences for passive labour market policies. Emmenegger focuses on preferences for job security. Rueda argues theoretically that outsiders favour passive labour market policies more strongly than insiders but the data he uses (Eurobarometer 94) does not allow to operationalise preferences for passive labour market policies (Rueda 2005: 65).

The structure: Who is in and who is out?

Table 5: Determinants of labour market preferences

	Active labour market policies				Passive labour market policies			
	<i>Government should provide a job for everyone</i>				<i>Government should spend more on unemployment benefits</i>			
	M1	M2	M3	M4	M1	M2	M3	M4
Outsider (Country)	0.014 (0.073)				0.077 (0.087)			
Outsider (Regime)		0.208*** (0.073)				0.213** (0.107)		
Outsiderness (Country)			0.004* (0.002)				0.006* (0.003)	
Outsiderness (Regime)				0.009*** (0.002)				0.010*** (0.003)
Female	0.152** (0.060)	0.006 (0.076)	0.071 (0.070)	-0.021 (0.058)	0.027 (0.101)	-0.088 (0.097)	-0.052 (0.110)	-0.123 (0.105)
Age	-0.003 (0.003)	-0.002 (0.003)	-0.002 (0.003)	-0.000 (0.003)	0.022*** (0.003)	0.022*** (0.003)	0.023*** (0.003)	0.024*** (0.003)
Income	-0.258*** (0.031)	-0.252*** (0.031)	-0.251*** (0.032)	-0.242*** (0.030)	-0.214*** (0.037)	-0.209*** (0.038)	-0.205*** (0.038)	-0.198*** (0.038)
Education	-0.508*** (0.065)	-0.494*** (0.064)	-0.490*** (0.066)	-0.470*** (0.064)	-0.191* (0.099)	-0.179* (0.098)	-0.170* (0.100)	-0.153 (0.104)
Union membership	0.280*** (0.070)	0.278*** (0.069)	0.280*** (0.070)	0.277*** (0.070)	0.367*** (0.107)	0.366*** (0.108)	0.368*** (0.107)	0.365*** (0.107)
Church attendance	0.013 (0.012)	0.012 (0.012)	0.012 (0.012)	0.012 (0.012)	-0.019 (0.012)	-0.019 (0.012)	-0.019 (0.012)	-0.019 (0.012)
Living in couple household	-0.114*** (0.033)	-0.113*** (0.032)	-0.113*** (0.033)	-0.110*** (0.033)	-0.234*** (0.059)	-0.234*** (0.059)	-0.233*** (0.059)	-0.232*** (0.059)
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Pseudo R ²	0.059	0.059	0.059	0.060	0.077	0.077	0.077	0.078
N	8401	8401	8401	8401	8453	8453	8453	8453

*Notes: Values in parentheses are standard errors, ordered logistic regression with clustered standard errors and country dummies; data is weighted; country dummies and cut-points not shown due to space restriction; Pseudo R² is the McKle and Zavoina R²; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level; Data source: ISSP RoG IV 2006. For details on operationalisation, see appendix 3*

We start by discussing the estimates for active labour market policy preferences. Models 2-4 show that outsiders clearly and significantly want more public job creation than insiders – which is in line with the expectations in the literature. The effect of the country-specific outsider dummy variable goes in the right direction, but does not reach significance. This might be due to the fact that the comparison with country-specific averages (the overall variance being lower than in the regime-comparison) leads to a dichotomous measure with too heterogeneous groups, an observation that adds value to the continuous measure. In terms of substantive effects, we calculate probabilities for the same individual as specified before:¹¹ being an insider lowers his probability of agreeing that the government is (definitely or probably) responsible for providing a job for everyone by about 6 percentage points when we use the regime-specific, dichotomous operationalisation. Using the country-specific continuous measure, going from the highest to the lowest value of outsidership has a net effect of about 15 percentage points (from 78.5 to 63.4 percent) on the likelihood that a respondent agrees that the government should provide a job for everyone. The same effect is even 18.4 percentage points when using the regime-specific continuous measure. Turning to the control variables, income, education and if a person lives in a couple household influence preferences for active labour market policies negatively, while union members are more likely to be in favour of active labour market policies than non-union members. The frequency of church attendance exerts no influence on the preferences for active labour market policies and gender has no consistent effect either.

For passive labour market policy preferences we find very similar results. As expected, outsiders have stronger preferences for passive labour market policies, i.e. they are more likely to agree more to the statement that the government should spend more on

¹¹ The average individual is a 43-years old (mean), non religious man who lives alone, is not a union member, earns 2'147 Euros (mean) and lives in France.

unemployment benefits. Again, the coefficient for the country-specific dummy variable does not reach significance, but the effect goes in the expected direction. In terms of substantive effects, the net difference between insiders and outsiders is 4.2 percentage points for the regime-specific, dichotomous measure.¹² Regarding the continuous measure of outsidership, we find that net of all other determinants, an individual with the highest value of labour market vulnerability is about 13.1 (regime-specific measure) or 14.4 (country-specific measure) percentage points more likely to favour more generous unemployment benefits than an individual with the lowest score of labour market vulnerability. The effects of the control variables are similar to the effects we found for active labour market policy preferences. Income, education and living in a couple household have a significant negative influence on passive labour market policy preferences, while union members and elder employees are more likely to be in favour of passive labour market policies than non-members and younger individuals. Religiosity, again, exerts no influence on preferences.¹³

Overall, we find evidence for the construct validity of our risk-based measures of outsiders and outsidership with regard to preferences for active and passive labour market policies: outsiders are consistently more likely to agree that government should provide a job for everyone, and that the government should spend more on unemployment benefits. Overall, we argue that the empirical analysis supports the new measure that we have theoretically and empirically developed in this article. Indeed, preferences for active labour market policy are the core measure on which insiders and outsiders are expected to differ. For this

¹² As the country-specific, dichotomous measure was not significant in Table 5, we refrain from calculating predicted probabilities for this measure.

¹³ We again tested whether the results hold only in countries with high rates of unemployment. The effects, however, are generally consistent in countries with high and low unemployment rates. Only for one measure (regime-specific, dichotomous operationalisation), we have stronger results in countries with high unemployment (results available from the authors). Given the overall robustness of results independent of the country-specific unemployment rate, we refrain from analysing this contextual effect further.

variable, we clearly find evidence for the risk-based measures. When it comes to passive labour market policies, expectations in the literature are somewhat less clear, since income-related passive transfers benefit insiders too, given that insiders are likely to have much better contribution-records. However, insiders are also – by definition and by measurement – less likely to become unemployed at all, so that we still expect outsiders to be more favourable towards generous unemployment benefits, a hypothesis that is confirmed by the data.

Conclusion

This article proposes a new conceptualisation and measurement of labour market insiders and outsiders, and of labour market vulnerability more generally. We have argued that if we want to explain political preferences of insiders and outsiders, it may be useful to operationalise insider and outsiders on the basis of stable social and economic characteristics, which are likely to shape their (current and future) life chances and constraints. We suggest a conceptualisation of insiders and outsiders that is based on the risk of individuals to find themselves in atypical employment or unemployment, this risk being measured by specific rates of unemployment/atypical employment of the social group they belong to. On this basis, we propose both a dichotomous operationalisation of insiders/outsideers and a continuous measure of ‘outsiderness’, or more generally labour market vulnerability. The dichotomous measure codes individuals as outsiders if they belong to a social group whose rate of unemployment and atypical employment is significantly higher than the workforce average, all other individuals are coded as insiders. The continuous measure departs from the dichotomous view of insiders and outsiders that prevails in the literature on insider-outsider divides, but it allows a more fine-grained

measurement of labour market vulnerability by attributing each individual the difference between his/her group-specific rate of unemployment and atypical employment and the average rate in the workforce as value of outsidersness. With these measures, we developed a map of dualisation across the four welfare regimes and the individual countries, which shows that, overall, low-skilled service sector employees, women and young labour market participants tend to be most strongly affected by labour market vulnerability, with a few regime- and country-specific differences.

We also assessed the criterion and construct validity of our conceptualisation: outsidersness (as measured in terms of the risk of unemployment/atypical employment) clearly contributes to a disadvantage in terms of income and job mobility, net of other factors such as gender, age or education. We also showed that our measures predict active and passive labour market policy preferences of insiders and outsiders as expected in the literature of dualisation. Based on these findings, we argue that the definition of outsiders and outsidersness as developed in this article is empirically and theoretically relevant for the research on dualisation, and that it might be of interest to other studies in this area.

However, we are also aware that our measures are more complex and require more fine-grained data (especially in terms of occupational classes) than the standard operationalisation, which simply codes outsiders based on their current labour market status. Hence, one may ask whether it is worthwhile choosing the more complex path. We would argue that it is, given its added theoretical value with regard to specific research questions (notably if we are interested in analysing not the immediate labour market disadvantages of outsiders, but the political consequences of dualisation) and its added degree of differentiation regarding the continuous measure of outsidersness and labour market vulnerability. Additionally, the map of dualisation we presented in Table 2 can be

used very conveniently in subsequent analyses, and country-specific values are available from the authors.

More generally, we think that this article bears insights for the literature on dualisation and insider-outsider divides irrespective of the precise measurement we use. The distinction between a core workforce of insiders, which is fully integrated in the labour market, and a more marginal and vulnerable the outsiders is empirically validated, and we were able to identify a pattern of socio-structural groups of insiders and outsider who – despite the heterogeneity of these two groups – face distinct labour market disadvantages and hold distinct preferences. We also think that our continuous measure of outsidersness allows linking the more political science oriented dualisation literature with the more sociological literature on labour market vulnerability. Finally, we were able to show cross-country and cross-regime differences in the degree and structure of labour markets vulnerabilities and dualisation. This raises many questions for future research: where and to what extent will an insider-outsider divide be mobilised politically? Do the political preferences of insiders and outsiders differ only regarding labour market policies, or do they hold different preferences regarding the welfare state in general? Moreover, to what extent does labour market vulnerability affect vote choices and electoral preferences for political parties? These are questions that current research on dualisation and insider-outsider divides needs to address, in order to spell out the social and political consequences of changing labour markets.

Appendix

Appendix 1 – Classification of occupations in post-industrial class groups

Classification of occupations in post-industrial class groups, based on Oesch 2006 and Kitschelt and Rehm 2005: 23

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers, self-employed professionals and petty bourgeoisie with employees (Capital accumulators) <i>self-employed and ISCO88-2d <=24</i>	Technical experts (Capital accumulators) <i>ISCO88-2d 21</i>	Higher-grade managers (Capital accumulators) <i>ISCO88-2d 11, 12</i>	Socio-cultural semi-professionals (Socio-cultural professionals) <i>ISCO88-2d 22-24, 32-34</i>	Professional/ managerial
	Technicians (Mixed service functionaries) <i>ISCO88-2d 31</i>	Associate managers (Capital accumulators) <i>ISCO88-2d 13</i>		Associate professional / managerial
Petty bourgeoisie without employees (Mixed service functionaries) <i>self-employed and ISCO88-2d >24</i>	Skilled crafts (Blue-collar workers) <i>ISCO88-2d 71-74</i>	Skilled office workers and routine office workers (Mixed service functionaries) <i>ISCO88-2d 41, 42</i>	Skilled service and routine service (Low service functionaries) <i>ISCO88-2d 51, 52, 91</i>	Generally / vocationally skilled
	Routine operatives and routine agriculture (Blue-collar workers) <i>ISCO88-2d 61, 92, 81-83, 93</i>			Low/ unskilled

Chapter 1

Appendix 2.1 – Difference (in percentage points) between the group-specific rate of atypical employment or unemployment and the rate among the entire workforce

Liberal regime (AU, CA, IE, UK, US)				Nordic regime (DK, FI, NO, SE)				Continental regime (AT, BE, CH, FR, GE, NL)						Southern regime (ES, GR, IT, PT)		
	N	Unemp	Part-time & temp		N	Unemp	Part-time & temp	N	Unemp	Part-time & temp	N	Unemp	Part-time & temp			
LSF young women	5,019	8.0	35.6	LSF young women	2,267	1.9	32.7	LSF young women	3,177	4.8	28.9	LSF young women	3,789	10.7	23.3	
LSF young men	3,370	8.6	15.2	LSF young men	962	1.3	12.7	LSF young men	1,439	2.8	-6.4	LSF young men	2,014	3.8	2.0	
LSF old women	4,035	-0.3	16.7	LSF old women	3,039	0.6	18.0	LSF old women	3,974	1.9	24.4	LSF old women	3,939	0.9	21.5	
LSF old men	2,389	-0.9	-8.8	LSF old men	847	0.9	-9.0	LSF old men	1,568	1.8	-18.8	LSF old men	1,867	-1.8	-19.6	
SCP young women	5,342	-1.3	8.4	SCP young women	2,390	-0.5	9.0	SCP young women	4,418	-1.4	20.3	SCP young women	2,842	0.6	7.7	
SCP young men	2,287	-1.6	-3.9	SCP young men	1,285	-0.7	-9.8	SCP young men	2,367	-1.6	-10.4	SCP young men	1,606	-0.1	-6.3	
SCP old women	5,291	-4.9	2.7	SCP old women	4,128	-0.9	3.1	SCP old women	5,384	-1.6	15.6	SCP old women	2,898	-3.5	-15.5	
SCP old men	2,856	-5.5	-9.7	SCP old men	2,395	-0.9	-15.2	SCP old men	3,940	-2.4	-18.4	SCP old men	2,533	-4.6	-27.2	
BC young women	1,074	8.8	5.9	BC young women	557	0.9	14.7	BC young women	869	6.9	15.8	BC young women	1,648	14.7	15.3	
BC young men	7,282	5.8	-7.5	BC young men	3,291	0.6	-13.5	BC young men	4,950	1.1	-13.3	BC young men	6,446	2.5	-2.9	
BC old women	1,466	1.3	4.0	BC old women	1,005	1.3	12.7	BC old women	1,222	2.7	13.2	BC old women	2,602	-0.5	35.5	
BC old men	7,676	0.6	-11.1	BC old men	4,637	0.4	-14.3	BC old men	5,720	0.7	-23.2	BC old men	7,124	-1.8	-5.9	
MSF young women	4,491	1.9	9.2	MSF young women	770	0.0	14.0	MSF young women	2,792	1.0	14.6	MSF young women	2,144	2.0	5.8	
MSF young men	2,644	3.4	-0.6	MSF young men	741	-0.2	-14.6	MSF young men	2,187	-1.1	-19.0	MSF young men	1,646	0.9	-11.6	
MSF old women	4,782	-2.7	-0.3	MSF old women	1,546	0.2	5.8	MSF old women	3,323	0.5	11.7	MSF old women	1,588	-1.7	-9.8	
MSF old men	2,335	-2.8	-13.8	MSF old men	1,058	0.0	-20.9	MSF old men	2,665	-1.6	-27.0	MSF old men	1,750	-3.3	-29.7	
CA	16,903	-4.7	-16.0	CA	5,693	-1.2	-21.4	CA	8,764	-2.2	-19.2	CA	5,004	-3.1	-13.6	
Total	77,164			Total	36,319			Total	57,256			Total	50,636			
Entire workforce		7.4	25.6	Entire workforce		2.0	35.8	Entire workforce		4.4	39.8	Entire workforce		6.0	36.8	
Minimum		-5.5	-16.0	Minimum		-1.2	-21.4	Minimum		-2.4	-27.0	Minimum		-4.6	-29.7	
Maximum		8.8	35.6	Maximum		1.9	32.7	Maximum		6.9	28.9	Maximum		14.7	35.5	

Note: Values are the difference (in percentage points) between the group-specific rate of atypical employment or unemployment and the rate among the entire workforce. Highlighted are those groups with significantly higher rates than the workforce average; based on EU-SILC 2007, data for Canada, USA and Australia is based on country specific household panels (see appendix 3). Abbreviations: Unemp. = deviation in percentage points of a group from the regime-mean of unemployment; part-time & temp = deviation in percentage points of a group from the regime-mean of involuntary part-time and temporary work; LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators (see Table 1) Young means < 40; old means > 40.

Appendix 2.2 – Risk for atypical employment and unemployment in different groups of the workforce

	Liberal regime		Nordic regime		Continental Regime		Southern regime	
<i>Risk for unemployment</i>	% at risk	mean	% at risk	Mean	% at risk	Mean	% at risk	Mean
... among total workforce	47.3	0.3	24.9	0.3	54.9	0.1	36.9	0.2
... among women	48.5	8.0	26.4	0.2	56.0	0.7	42.7	1.6
... among young	70.5	5.4	33.5	0.3	66.3	0.7	76.3	4.0
... among low-skilled individuals	59.1	2.2	29.6	0.4	68.2	0.5	39.9	-0.7
... among high-skilled individuals	35.9	-0.7	17.8	-0.6	25.8	-0.9	36.7	-0.7
<hr/>								
<i>Risk for involuntary part-time and temporary work</i>	% at risk	Mean	% at risk	Mean	% at risk	Mean	% at risk	Mean
... among total workforce	42.3	0.1	47.3	-2.2	47.8	-1.2	38.0	0.6
... among women	74.1	8.0	92.6	10.5	94.3	16.2	73.9	13.1
... among young	55.6	5.4	51.6	2.4	48.0	2.8	53.8	8.8
... among low-skilled individuals	44.5	2.2	46.9	-0.7	50.6	0.0	39.0	2.0
... among high-skilled individuals	40.5	-1.3	48.6	-5.1	43	-3.1	34.8	-4.3

Note: ' % at risk ' means the percentage of individuals which belong to a social group (see appendix 2.1) with a rate of unemployment or atypical employment that is significantly higher than the workforce average. 'Mean' denotes the average deviation (in percentage points) of the group-specific rates from the average workforce rates (see appendix 2.1). Numbers are based on the regime-specific operationalisations and based on EU-SILC 2007, data for Australia, Canada and USA is based on country-specific national household panels.

Appendix 3 – Table of operationalisation

Variable	Operationalisation
Income	ISSP WO III 2005; monthly mean income, individuals are attributed the mean value of their income group (mostly deciles) in 1000 Euros.
Promotion chances in current job	ISSP WO III 2005; opportunities for advancement are high; recoded V31; 1 = strongly disagree, 2 = disagree, 3 = neither/nor, 4 = agree, 5 = strongly agree
Preferences for active labour market policies	ISSP 2006 RoG IV; government is responsible for providing a job for everyone who wants one; recoded V25; 1 = definitely should not be, 2 = probably should not be, 3 = probably should be, 4 = definitely should be
Preferences for passive labour market policies	ISSP 2006 RoG IV; government should spend money on unemployment benefits; recoded V23; 1 = spend much less, 2 = spend less, 3 = spend the same as now, 4 = spend more, 5 = spend much more
Outsider (regime and country)	Dummy variable, based on a comparison of group-specific rates of atypical employment / unemployment and the regime(country)-specific average rate. EU-SILC 2007 For the USA: American Time Use Survey (ATUS) For Canada: Survey of Labour and Income Dynamics (SLID) For Australia: The Household, Income and Labour Dynamics in Australia (HILDA)
Outsiderness (regime and country)	Continuous variable, difference between group-specific rates of atypical employment / unemployment and the regime(country)-specific average rate. EU-SILC 2007 For the USA: American Time Use Survey (ATUS) For Canada: Survey of Labour and Income Dynamics (SLID) For Australia: The Household, Income and Labour Dynamics in Australia (HILDA)
Regimes	Liberal countries: Australia, Canada, Ireland, Great Britain, United States Nordic countries: Denmark, Finland, Norway, Sweden Continental countries: Austria, Belgium, France, Germany, Netherlands, Switzerland Southern countries: Italy, Greece, Portugal, Spain (Data for Austria, Belgium, Italy and Greece lacking in Table 3 and Table 4, data for the Netherlands lacking in Table 3)
Classes	ISCO-2d codes, recoded into CA, MSF, BC, SCP, LSF; see appendix 1 EU-SILC 2007: pl050 HILDA (AU): gjbm682 SLID (CA): nocj2e6, nocg, manag1 ATUS (USA): peio1ocd, prdtoccl
Unemployment	EU-SILC 2007; dummy variable measuring unemployment recoded from EU-SILC: pl030 HILDA (AU): gesdtl SLID (CA): altstat28 ATUS (USA): pemlr
Involuntary part-time	EU-SILC 2007; dummy variable measuring involuntary part-time work, recoded from pl030 (self-classification of respondents) and pl120 (reason for part-time work) HILDA (AU): gesdtl (self-classification of respondents) and gjbptrea (reason

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	for part-time work) SLID (CA): scsum28 (self-classification of respondents) and reawpt1 (reason for part-time work) ATUS (USA): prwkstat (self-classification of respondents) and pehrwant (reason for part-time work)
Fix-term contract	EU-SILC 2007; dummy variable measuring fix-term contract work, recoded from pl140 HILDA (AU): gjbment SLID (CA): prnjb1 ATUS (USA): CPS-Supplement (2005) "Contingent and Alternative Employment Arrangements"
Atypical work / Unemployment	EU-SILC 2007, HILDA (AU), SLID (CA), ATUS (USA); dummy variable measuring atypical employment (involuntary part-time, fix-term work, helping family member) and unemployment among all other employment status
Church attendance	ISSP RoG IV 2006, ISSP WO III 2005; recoded from ATTEND (how often do you go to church); 8 = several times a week, 7 = once a week, 6 = 2 or 3 times a month, 5 = once a month, 4 = several times a year, 3 = once a year, 2 = less frequently, 1 = never
Living in a couple household	ISSP RoG IV 2006, ISSP WO III 2005; dummy variable measuring if respondent lives in a couple household (MARITAL and COHAB); 1 = living in a stable couple (married or not), 0 = divorced, widowed, single, separated
Education	ISSP RoG IV 2006, ISSP WO III 2005; dummy variable based on highest completed degree (DEGREE), 1 = completed higher secondary education, 0 = below higher secondary education

Chapter 2: Explaining Welfare Preferences in Dualized Societies: Determinants of Insider-Outsider Divides in Europe

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Introduction

The socio-structural foundations of Western welfare state politics have changed profoundly over the past few decades: de-industrialization, tertiarization, the feminization of the workforce and labor market deregulation have altered structure and distribution of labor market vulnerability, as the risks of unemployment and atypical employment are concentrated among particular social groups (e.g. Bernardi and Garrido 2008, Ranci 2010, Eichhorst and Marx 2012). Against this background, and given the constraints the fiscal crisis places on distributive programs, a growing literature asks whether inequalities in risk distribution will be reflected in political preferences and – eventually – in political conflict, thereby opposing different segments of the working class against each other (e.g. Rehm 2009, 2011, Häusermann 2010). Most explicitly, this question has been taken up by the literature on *dualization* and *insider-outsider divides*, which argues that European labor markets are increasingly divided between, on the one hand, workers in relatively secure, stable employment and, on the other hand, workers in unstable, flexible or marginal employment (Rueda 2005, 2007, Emmenegger et al. 2012). The literature asks if these two types of workers differ in their political demands and attitudes. The evidence on individual-level preference divides regarding social and labor market policy between insiders and outsiders is still contested (see e.g. Rueda 2005, as well as Häusermann and Schwander 2011, who find such evidence, whereas Emmenegger 2009 or Barrows 2012 do not), which in large parts may be due to the inherent difficulty of clearly delineating the two groups of insiders and outsiders analytically and empirically (see Schwander and Häusermann 2012 for a discussion). Nevertheless, the analysis of individual level-preference divides based on labor market vulnerability is crucial, because the political implications and consequences of institutional labor market dualization depend on it: if people's preferences for social and labor market policy are not structured by their employment-situation, then dualization is highly unlikely to

ever become a relevant, politically salient conflict line. In other words: if people do not identify themselves as, and consequently think like insiders and outsiders, the inequality between them will most probably not be mobilized and politicized in the political arena. In order to contribute to this analysis of the socio-structural underpinnings of dualization, we investigate the relationship between *outsiderness* – i.e. the extent of labor market vulnerability, introduced as a continuous measure – and social policy preferences in this article.

We argue that vulnerability is a result of precarious, weak or unstable labor market attachment. Therefore, individuals with more vulnerable labor market positions should prefer policies that allocate resources based on need (redistribution), rather than those based on contribution-payments (social insurance), because discontinuous employment leads to incomplete or low contribution records in social insurance schemes. In addition, we expect individuals to be more strongly in favor of public job creation the more vulnerable their labor market position, i.e. the higher their degree of outsiderness. Conversely, low levels of labor market vulnerability are characterized by stable employment, a strong and continuous labor market attachment and – consequently – full social insurance contribution records. Hence, we expect outsiderness to be negatively related to support for the equivalence principle, i.e. social insurance benefits dependent on employment-performance. We also theorize and test how the level of human capital interacts with employment risk, arguing that labor market vulnerability generates different needs for low- and high-skilled individuals.

We find evidence for the expected effects, which are consistent and robust, though relatively small in substantive terms. In order to assess the potential for political mobilization of these divides, we then go a step further by testing whether the size of the preference divides

depends on the level of institutional labor market dualization (employment protection and pay-roll taxes), which corresponds to an oftentimes implicit assumption in the dualization literature. We establish the surprising result that the level of institutional labor market dualization does not seem to exacerbate divides in insider-outsider preferences. There is no empirical link between the ‘objective’ extent of labor market segmentation and the size of the preference divides between insiders and outsiders, as measured by labor market vulnerability. We use the remainder of this article to, on the one hand, discuss the implications of this puzzling finding for the potential politicization of insider-outsider divides and, on the other hand, develop and test a possible explanation for it by analyzing the effect of household structures on the relationship between labor market vulnerability and social policy preferences.

Theory

Labor market vulnerability and social policy preferences

The exceptional economic growth during the post-war decades allowed for male full employment, growing status homogenization and job security regulations, a relatively cohesive working class and social peace. Since then, however, advanced industrial societies have moved to a post-industrial social and labor market structure. Ever fewer people’s work biographies correspond to the industrial blueprint of stable, full time and fully insured insider employment, while a growing proportion of the population deviates from the standard model and incurs higher labor market risks. Three structural changes drive this development towards an increasingly unequal distribution of labor market risks: The tertiarization of the employment structure, the educational revolution and the feminization of the workforce (Oesch 2006). After 2000, service sector employment outdid industrial employment

throughout the OECD by a factor of 2 to 3 (Oesch 2006: 31). Jobs in the service sector differ from industrial employment, because they tend to be more polarized (Maarten and Manning 2007, however see also Oesch and Rodriguez Menes 2011) and they involve more atypical, non-standard employment (Kroos and Gottschall 2012). The educational revolution – as the second structural change of the post-industrial era – has led to a broader and more heterogeneous middle class (Kriesi 1998, Oesch 2006) in which atypical employment and unemployment increasingly affect middle class workers as well. Finally, the massive entry of women into paid labor – itself driven by the educational revolution, changing values and the increasing instability of traditional family structures (Esping-Andersen 1999b) – coincides with the spread of atypical employment throughout Western Europe's coordinated market economies (Estévez-Abe 2006). Aside from these structural determinants of growing inequality in labor market risk, institutional labor market regulations as such (in terms of job security regulations and high labor costs) are supposed to have contributed to dualization, i.e. the distinction of a secure core workforce and a growing share of atypical, more marginally protected jobs (Esping-Andersen 2000, Jessoula et al. 2010, Palier and Thelen 2010, Eichhorst and Marx 2012).

This increasingly unequal distribution of labor market vulnerability among the workforce has been addressed both in the scholarly literature and the public debate in terms of growing inequality between insiders and outsiders. Labor market outsiders are more strongly affected by the risk of unemployment and atypical employment. Their labor market attachment is weaker, more irregular, and they tend to be rather poorly protected by the traditional social insurance model (most prevalent in Continental and Southern Europe), i.e. by exactly those welfare policies that are in the main interest of insiders with secure jobs. Hence, policies, which are in the main interest of one part of the workforce may themselves be harmful to a

different part of the workforce, leading to potential divides within the working class. Given these distributive policy trade-offs and the unequal distribution of labor market risks, we expect labor market vulnerability to affect preferences for social policies. We share this hypothesis with several contributions to the dualization literature, which have tried to establish whether insiders and outsiders differ in their policy preferences. The evidence on this matter, however, is still inconclusive: While some contributions find robust preference divides regarding social policy and/or labor market policies (Rueda 2005, 2007, Häusermann and Schwander 2011), others do not (Emmenegger 2009, Barrows 2012). We differ from these earlier analyses in three points: first, we conceptualize labor market vulnerability not as a dichotomous variable of insiders and outsiders, as these two groups are hard to distinguish and probably too heterogeneous among themselves (Davidsson and Naczyk 2011, Schwander and Häusermann 2012), but rather as a *continuous* measure of labor market risks, i.e. labor market vulnerability (similar to Rehm 2011, who, however, focuses exclusively on the risk of unemployment). This allows us to distinguish different degrees of ‘outsiderness’, which is more appropriate in dealing with the large variance of insider- and outsider-employment. Second, we introduce new dependent variables: we test the impact of outsiderness on very specific social policy instruments (not spending levels generally), which imply different distributional consequences depending on the degree of outsiderness. And third, we introduce human capital as a factor that affects the extent to which an individual’s outsiderness shapes his or her policy preferences, since we argue that high- and low-skilled individuals have different resources at their disposal when dealing with similar levels of vulnerability.

Why would we expect labor market vulnerability to affect social policy preferences? Our key argument lies in the different distributive implications of specific social policy schemes.

Employment-based social insurance policies that distribute social rights and benefits in

proportion to contributions match the interests of insiders with stable and secure employment.

On the other hand, individuals exposed to high labor market vulnerability, with a consequently weaker labor market attachment benefit more strongly from social benefits distributed on the basis of need, i.e. from redistribution. Consequently, social insurance policies benefit insiders who have full contribution records, while outsiders need compensation for a more tenuous and discontinuous labor market attachment in the form of redistributive policies. Additionally, insiders favor contribution-based systems, because they feel they have ‘earned’ their social rights (Palier 2002).

Responding to the specific needs of labor market outsiders, an alternative to needs-based redistribution is social investment (Lister 2004, Palier 2006b, Morel et al. 2011). Social investment policies are activation policies aimed at increasing employment opportunities by investing in the employability of individuals, rather than compensating for income loss.

Policies focusing on education, training, child care facilities and the creation of jobs are at the center of this approach. We expect individuals with high degrees of outsidership to be more supportive of these policies than insiders, because unstable or limited access to the labor market is a key trait of their vulnerability.

In sum, we expect a positive relationship between an individual’s labor market vulnerability and her or his support for income redistribution and social investment policies. At the same time, we expect a negative relationship between an individual’s labor market vulnerability and her or his support for social insurance policies.

While we expect these relationships between labor market vulnerability and policy preferences to hold across the entire workforce, we also argue that labor market vulnerability interacts with levels of human capital. Indeed, in a post-industrial society, labor market vulnerability and levels of education are not necessarily colinear, as the risk of unemployment

and atypical employment is also widespread among certain parts of the more highly educated workforce, such as young labor market entrants or women re-entering the labor market after periods of child rearing. Hence, labor market vulnerability, i.e. outsidersness, affects both low- and high-skilled individuals (Schwander and Häusermann 2012, Davidsson and Naczyk 2009, Polavieja 2005). We would expect high- and low-skilled individuals with the same level of outsidersness to differ nonetheless, since their specific welfare needs are not the same as we will explain below. We therefore hypothesize an interaction effect between outsidersness and human capital to explain individual support for redistribution, social insurance or social investment.

Individuals with high levels of human capital have the cognitive resources and the marketable skills to earn their income through the market as long as they have the employment opportunities to put their human capital to use. Hence, we expect high-skilled outsiders to have particularly strong preferences for activation, i.e. for policies that enable them to participate in the labor market, whereas low-skilled outsiders should favor more strongly a redistribution of income through social transfer payments. An example may illustrate this idea: imagine a young university graduate who just cannot find a job, and an unemployed low-skilled super market cashier. Both are exposed to high levels of labor market risks. We assume that the former wants to put her education to use in the labor market, while the latter is concerned about covering his daily expenses with income from any source, be it a job or the state. Hence, high-skilled individuals with high labor market vulnerability should prefer an enabling welfare state, whereas low-skilled individuals with high labor market vulnerability are in need for a correcting welfare state. We expect the effect of labor market vulnerability on preferences for income redistribution to be stronger among low-skilled individuals than among high-skilled individuals. By contrast, we expect the effect of labor market vulnerability on preferences for activation to increase with increasing levels of human capital.

We predict a similar interaction effect regarding preferences for social insurance. The higher the earning potential of an individual based on his or her human capital, the higher the contribution he or she pays to the social insurance system and the more he or she benefits from insurance. Furthermore, the stakes of high-skilled individuals for social insurance are higher than the stakes of lower skilled individuals because they have more to lose in case of unemployment (Moene and Wallerstein 2003). Consequently, we expect the effect of labor market vulnerability on social insurance preferences to increase with increasing levels of human capital.

Empirical analysis

The goal of the empirical analysis is twofold: First, we want to analyze whether labor market vulnerability has the expected impact on individual-level preferences for social policies. The analysis of specific social policy preferences is based on data from the European Social Survey, round 4 (2008), which includes 13 countries.¹⁴ Second, we examine differences in the extent of insider-outsider divides in a cross-national analysis.

Data and operationalization

We operationalize *social policy preferences* with three questions from the European Social Survey 2008. Preferences for redistribution are measured by means of a question asking respondents whether they think that the government should reduce income differences. For preferences for a social investment state, we use a variable asking respondents about their approval that it is the government's responsibility to provide a job for everyone. Finally,

¹⁴ Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, Greece, the Netherlands, Norway, Portugal, Sweden and United Kingdom.

preferences for the equivalence principle of social insurance are measured with a variable asking respondents whether they think that individuals who have contributed more to the pension system should be entitled to higher benefits (as opposed to individuals in greater need being entitled to higher benefits). To our knowledge, this is one of the only comparatively available survey questions capturing the difference between a needs-based and an employment-based welfare state. Each variable is recoded, so that higher values reflect higher preferences for the specific social policy. Table 1 shows the precise wording of the questions.

Table 1: Operationalization of dependent variables

Needs-based welfare state	Redistribution ESS 4 gincdif: Government should reduce differences in income levels
Social Investment state	Job creation ESS 4 gvjbevn: How much responsibility the government should have to ensure a job for everyone who wants one?
Employment-based welfare state	Social insurance ESS 4 earnpen: Some people say that higher earners should get larger old age pensions because they have paid in more, whilst other think that lower earners should get larger old age pensions because they are in greater need. Please tell me which of the following three statements you agree with most? <ol style="list-style-type: none"> 1. Higher earners should get larger old age pensions than lower earners. 2. High and low earners should get the same amount of old age pensions. 3. Lower earners should get a larger old age pension than higher earners.

Labor market vulnerability – i.e. the degree of outsidersness – is our main *independent variable*. We conceptualize vulnerability as the risk of being unemployed or/and in atypical employment (involuntary part-time, temporary employment or helping family member). For an individual, we determine this risk on the basis of the frequency of unemployment and atypical employment within his or her occupational class (for an extensive discussion of this measure, see Schwander and Häusermann 2012). Similarly to Rehm’s work on

unemployment risk (2011), we rely on occupational classes for the measurement of risk, because the probability of experiencing unemployment or atypical employment is highly unequally distributed among different occupational classes. Hence, we use the class schema by Oesch (2006) in the collapsed version of Kitschelt and Rehm (2005). They distinguish five occupational classes: Capital accumulators (i.e. high-skilled managers, self-employed and experts), socio-cultural professionals (i.e. high-skilled professionals in the public and private service sector), blue-collar workers (i.e. unskilled and skilled workers mostly in the industry), low service functionaries (i.e. unskilled and skilled employees in interpersonal services), and mixed service functionaries (i.e. routine and skilled clerks).¹⁵ We further distinguish those five classes according to gender and age, two additional variables that account for much of the variance in the distribution of unemployment and atypical employment within the workforce (Esping-Andersen 1990, 1999, Taylor-Gooby 1991, Oesch 2006, Chauvel 2009). The combination of 5 classes, 2 sexes and 2 age groups (below/above 40) leaves us with 20 occupational groups, which are the basis of our measurement. We compute the rates of unemployment, involuntary part-time or temporary employment¹⁶ from data of the EU-SILC household panel 2007 for each occupational group and the average workforce in every country. We then subtract the average rate of the national workforce from the group-specific rates in order to obtain the group-specific deviations (over- or underrepresentation) in unemployment, involuntary part-time and temporary employment. The average of these three standardized deviations indicates the value of labor market vulnerability, i.e. the ‘degree of outsidersness’. Occupational groups with a lower labor market vulnerability than the entire workforce have negative values of outsidersness, while groups with an over-proportional labor

¹⁵ Appendix 1 shows the location of these five classes in the class schema.

¹⁶ Due to their low proportion (1.2 percent of respondents), we refrained to construct a separated category for ‘helping family members’ and added them to the category of temporary employment.

market vulnerability have positive values of outsidersness. We then attribute the value of his or her occupational group to each respondent of the ESS 2008.¹⁷

The distribution of labor market vulnerability is – as expected – highly unequal. Women, workers below the age of 40 and the low-skilled are the most vulnerable groups in the labor market across all countries. More specifically, young female low-skilled service sector workers and elderly female blue-collar workers are the most vulnerable groups, while male medium- and high-skilled managers and technicians enjoy the most secure positions. We also find that 48.7 percent of the entire workforce face a significantly higher labor market vulnerability than the average workforce, varying from 25.8 percent in the Nordic to 62.7 percent in the Continental countries (for more details on this operationalization of outsidersness, see Schwander and Häusermann 2012).

Education is measured as the highest completed degree (in five levels from primary education to tertiary education). We include household income as a control, measured as deciles in the national income distribution, and a dichotomous variable measuring whether a person lives in a couple household. We also control for union membership and church attendance, which might affect social policy preferences (see, for example, Scheve and Stasavage 2006, De la O and Rodden 2008, Rehm 2009, 2011). To control for country-specific differences in the level of approval towards social policies, we include country dummies. The precise operationalization of all variables is explained in appendix 2.

¹⁷ We do not calculate the values of outsidersness directly in the ESS for one main reason: the number of cases. The number of respondents (3500-8500 respondents for each country) in the EU-SILC household panel is unrivalled by any comparative survey. It thus allows a precise measurement of labor market vulnerability across countries even for those groups which are naturally small (such as old female blue-collar workers, for example) which is even more important since we rely on labor market conditions (unemployment, atypical employment) that may affect very small portions of the workforce only.

The effect of labor market vulnerability on individual social policy preferences

In this section, we analyze the determinants of social policy preferences on the basis of ordered logit regressions (Table 2). For each dependent variable, we specify two models: The first one tests the linear impact of labor market vulnerability (outsiderness) on the preferences for the specific social policy. The second model interacts outsiderness and education to test whether the effect of outsiderness varies at different levels of education.

Table 2: Determinants of social policy preferences: Coefficients from ordered logit regressions

	Redistribution		Job Creation		Social Insurance	
	M1	M2	M3	M4	M5	M6
Outsiderness	0.187*** (0.02)	0.039 (0.09)	0.214*** (0.06)	0.030 (0.04)	-0.165*** (0.04)	0.014 (0.07)
Education	-0.088*** (0.02)	-0.085*** (0.01)	-0.092*** (0.01)	-0.088*** (0.01)	0.102*** (0.04)	0.099*** (0.04)
Outsiderness x Education		0.051 (0.03)		0.063*** (0.02)		-0.062*** (0.02)
Female	-0.128*** (0.02)	-0.127*** (0.02)	-0.079*** (0.01)	-0.078*** (0.01)	0.080*** (0.02)	0.079*** (0.01)
Age	0.016 (0.06)	0.008 (0.07)	0.028 (0.06)	0.018 (0.06)	0.112* (0.06)	0.120* (0.06)
Income	0.001 (0.00)	0.002 (0.00)	-0.002 (0.00)	-0.001 (0.00)	0.002 (0.01)	0.002 (0.01)
Union membership	0.384*** (0.05)	0.384*** (0.05)	0.223*** (0.03)	0.223*** (0.03)	-0.127*** (0.03)	-0.126*** (0.03)
Church attendance	-0.071*** (0.02)	-0.071*** (0.02)	-0.036 (0.03)	-0.035 (0.03)	0.038 (0.03)	0.038 (0.03)
Living in a couple household	0.119** (0.06)	0.117** (0.06)	0.046 (0.04)	0.043 (0.04)	-0.026 (0.04)	-0.025 (0.04)
Country fixed effects	yes	yes	yes	yes	yes	yes
Pseudo R2	0.048	0.049	0.025	0.025	0.094	0.095
N	19269	19269	19265	19265	18726	18726

*Notes: Values in parentheses are standard errors; ordered logistic regression with clustered standard errors and country dummies; data is weighted; country dummies and cut-points are not shown due to space restriction; Pseudo R2 is the McKley and Zavoina R2; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level. Data source: ESS 4 2008.*

We first discuss the linear effects only. Models 1, 3 and 5 show that outsiderness is clearly linked to higher support for redistribution and job creation, but to lower support for the equivalence principle of social insurance. This is exactly what our hypotheses predicted, as it

shows that labor market vulnerability shapes the social policy demand of individuals in ways consistent with the insider-outsider literature. To estimate the substantive effects of labor market vulnerability, we compute predicted probabilities for an average individual with the highest and lowest degree of outsidership, holding all other variables at their median.¹⁸

An average individual with the highest degree of outsidership is about 11 percentage points more likely to agree strongly that the government should be responsible to reduce income differences than the same individual with the lowest degree of outsidership. In terms of preferences for social investment, the average individual with the highest degree of outsidership is even 21 percentage points more likely to strongly support public job creation ('strongly' meaning a score of 7 or more on a scale from 0 to 10) than the same individual with the lowest degree of labor market vulnerability. Finally, the difference regarding social insurance preferences (i.e. the probability to agree that individuals who have contributed more to the pension system should also receive higher benefits) is 15.5 percentage points between average individuals with the highest and lowest degrees of outsidership. These results correspond to our expectations that outsiders prefer a welfare state, which is based on activation and need, rather than on the equivalence principle.

In terms of control variables, education has a consistent effect in all linear models: high-skilled individuals want less redistribution of income and are less supportive of job creation than individuals with lower skill levels (models 1 and 3). By contrast, the higher educated an individual, the more likely she or he is to agree that old age pensions should be proportional to previous contributions (model 5). Given the generally firmer attachment of high-skilled individuals in the labor market and the higher gains from social insurance, this makes sense. Gender and age seem to have no direct effect on preferences for redistribution and job

¹⁸ The average individual is a 47 years old, not religious women with a upper secondary degree, who lives alone, is not a union member, has a household income within the 6th earning-decile and lives in Norway.

creation, but women are more likely to favor social insurance. It is also important to note that in addition to labor market risk, the vertical stratification in terms of income still structures welfare preferences strongly: income has the expected negative effect on preferences for redistribution and job creation and the expected positive effect on preferences for social insurance. Considering the higher stakes of high-income earners in social insurance and redistribution of income, this stands to reason. Union members are more likely to support income redistribution and job creation but less likely to favor social insurance while church attendance reduces the support for redistribution but has no impact on the other social policy preferences. Finally, we note that individuals living in a couple household are more likely to be supportive of income redistribution than individuals living alone.

Let us now turn to the discussion of the interaction effects in Table 2. We find evidence for interaction effects for two of our three interaction models: As expected, the effect of labor market vulnerability (outsiderness) on preferences for job creation (model 4) and social insurance (model 6) increases with levels of education, which is consistent with our theoretical expectations. However, the effect of labor market vulnerability on preferences for income redistribution is independent from the level of education over the entire sample (model 2). Here, we rather expected a negative effect, since we assumed that redistribution would be more salient for low-skilled outsiders than for high-skilled. Figures 1 to 3 visualize the interaction effects, by showing the marginal effect of outsiderness on preferences for specific social policy at different levels of education.

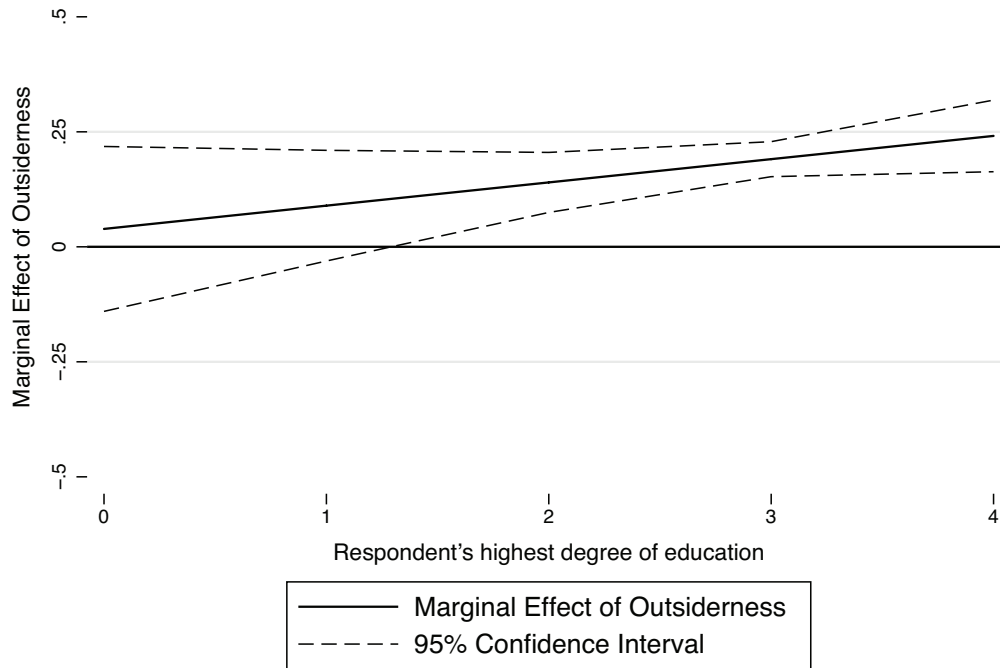


Figure 1: Marginal effect of outsidersness on preferences for redistribution at varying levels of education

Figure 1 shows the effect of outsidersness on preferences for redistribution at varying levels of education. We see that the effect of outsidersness on redistribution preferences is positive and significant, but only for respondents with an upper secondary degree or higher (which represents a majority of respondents, about 65 percent). Below that level, labor market vulnerability has no impact on preferences for income redistribution. An explanation for this finding might be that individuals with low levels of education find it hard to earn a sufficient income through the market even if they have a stable job. Hence, even low-skilled insiders might be in favor of redistribution. This explanation is supported by the fact that the level of support for redistribution is particularly high among all low-skilled: the probability for a low-skilled individual with the highest level of outsidersness to *strongly* agree that the government should reduce income differences is 28.0 percent, while the same probability of a low-skilled individual with the lowest level of outsidersness is 15.6 percent.¹⁹ By contrast, the level of

¹⁹ All other variables being held at their median.

support is generally lower among the high-skilled, with a significant difference within the high-skilled based on their level of outsidership: a high-skilled outsider has a likelihood of 21.5 percent to strongly support income redistribution by the government, while the same probability is 11.5 percent for a high-skilled individual experiencing the lowest level of outsidership.

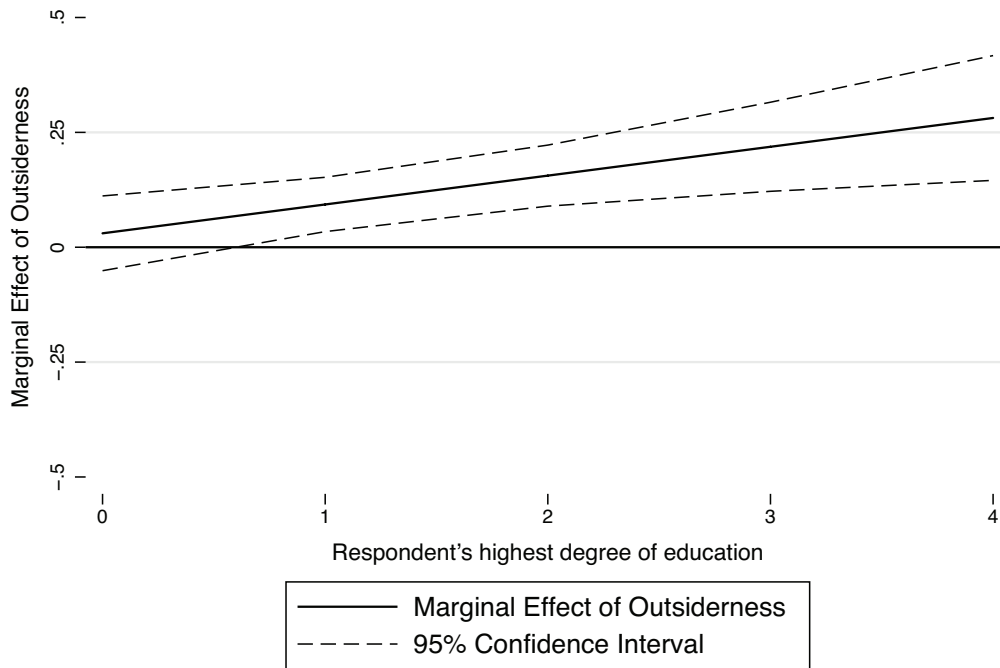


Figure 2: Marginal effect of outsidership on preferences for social investment at varying levels of education

Figure 2 shows the effect of outsidership on preferences for social investment at varying levels of education. We hypothesized that the effect should be stronger among high-skilled than among low-skilled individuals, because the high-skilled outsiders should have particularly strong incentives to favor jobs over transfers: what they want is not welfare, but jobs. The hypothesis is fully confirmed by the data: the higher the education level, the stronger is the effect of outsidership on preferences for social investment. Only for those individuals with secondary education or less (36 percent of our sample), labor market

vulnerability does not make a difference in their social investment preferences. Our theoretical explanation of this finding is corroborated when we look at predicted probabilities: high-skilled outsiders have a stronger preference for public job creation than high-skilled insiders. The predicted probability for a high-skilled individual with the highest degree of outsidersness to strongly agree to job creation is 61 percent, while the same individual with the lowest level of labor market vulnerability has only a chance of 36.7 percent to support public job creation. We interpret this findings as reflecting the fact that high-skilled outsiders' primary concern is to make use of their skills and they thus favor the creation of jobs that enables them to do so.

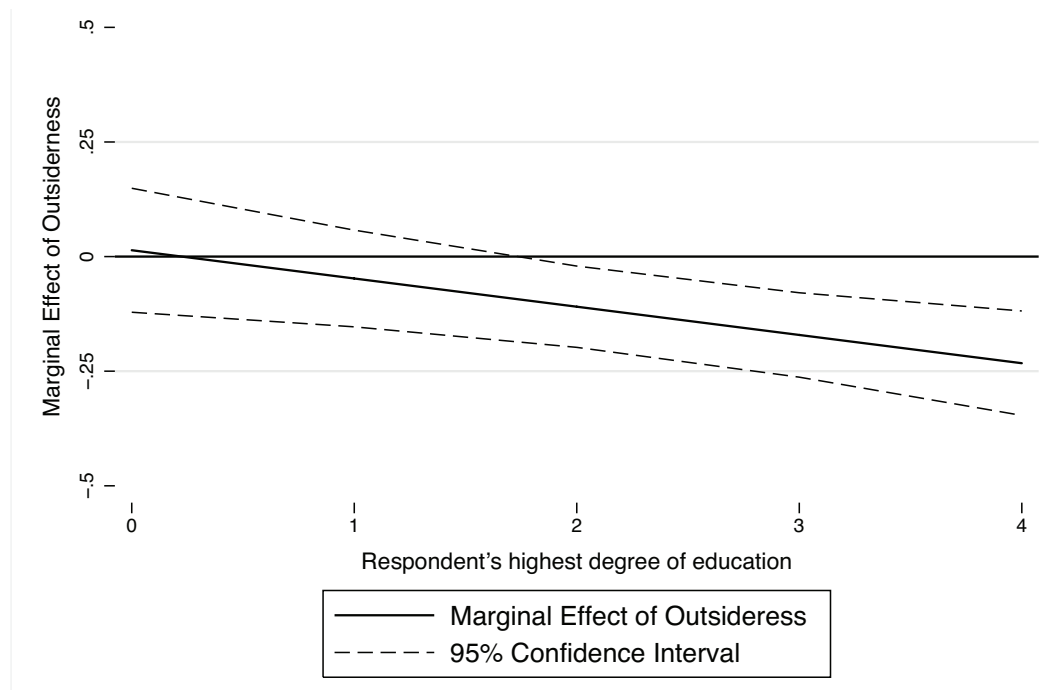


Figure 3: Marginal effect of outsidersness on preferences for social insurance at varying levels of education

With regard to social insurance, we expected preferences for social insurance to be particularly strong among high-skilled insiders, because for higher skilled individuals with higher earning potentials more is at stake. We therefore expect the insider-outsider divide to

widen with levels of education. Model 6 in Table 2 indicates that the preference divide does indeed become deeper with higher levels of education. Figure 3 confirms this graphically. These results are supportive of our theoretical reasoning: social insurance is rather unattractive for the very low-skilled, because of their inherently low contributions regardless of their labor market vulnerability. The higher the human capital, however, the more is at stake: high-skilled insiders with their complete contribution records advocate the equivalence principle more strongly than high-skilled outsiders with their weak contribution records. Accordingly, a high-skilled individual with the lowest degree of outsidership has a likelihood of 51.4 percent to agree that individuals with higher contribution records should receive larger old age pensions benefits. For the same individual with the highest labor market vulnerability, the probability is 16 percentage points lower.

The empirical findings so far confirm that socio-structural labor market vulnerability has a significant and substantive impact on people's preferences for specific social policies. This looks like clear evidence that insider-outsider politics may become a relevant conflict line in West European welfare politics. However, as soon as we start making arguments about politics and the mobilization of conflict, we analytically move to the country-level, since political mobilization and interest representation take place at country level. Hence, in order to make a statement about the structural prerequisites for a politicized insider-outsider divide, we need to look more closely at the structuration of this divide at the national level.

The effect of risk structure on the size of insider-outsider preference divides

It is an oftentimes implicit assumption in the literature that the divide in social policy preferences between insiders and outsiders should be strongest where the *institutional*

barriers generating labor market vulnerability are highest. From a rational-choice perspective, this makes perfect sense: we would expect insider-outsider politics to surge in the most dualized countries, because this is where insiders and outsiders are most clearly affected by their differential labor market status. In the labor market economics literature, this relationship is implicitly assumed on the basis of employment protection. Authors such as Saint-Paul (2002) or Lindbeck and Snower (2001) conceptualize insiders based on their institutionally secured labor market position. Hence, where the institutional level of employment protection is highest, you would expect the deepest divide between insiders and outsiders. In the political science oriented contributions from welfare state research and comparative political economy, however, this institutional definition of dualized labor markets is generally more implicit and somewhat broader. Most contributions tend to link institutional dualization to welfare regimes, which are characterized by a broader range of institutional characteristics than pure employment protection legislation. Rather, an institutionally complementary and interdependent set of institutions favoring insiders' social and political rights must be taken into account here, which includes not only employment protection, but also a contribution-based social insurance welfare state and sectoral corporatism. And given that these characteristics cluster in Continental and Southern European countries (Esping-Andersen 1990), most authors expect insider-outsider divides to be most salient in these regimes. Each of them, however, emphasizes specific mechanisms that link institutions to insider-outsider politics, which is why we review them briefly in the following.

One of the earliest and most encompassing accounts of the genesis of institutional dualization in Continental and Southern Europe is still Esping-Andersen's (1990, 1999a). Job security for the core workers has increased through corporatist bargaining, in which trade unions traded

productivity and wage moderation against security, with the unintended consequence of raising high barriers of entry to the labor market for outsiders. Furthermore, labor market participation among women was traditionally low in Continental and Southern Europe due to the predominance of the conservative and Catholic doctrine of subsidiarity, the corresponding low provision of family services and the small public sector providing only few employment opportunities for women. Because incentives and opportunities for women to take up employment were sparse, trade unions negotiated for the male breadwinner wages to be high enough to support an entire family, which in turn caused labor costs to rise (Esping-Andersen 1990), not least through steadily increasing pay-roll taxes to the social insurance systems of Continental and Southern Europe. As a consequence, (Esping-Andersen 1999b) expected divides between the ‘A- and B-team of the post-industrial society’ to be most ardent in these countries.

Similarly, Palier and Thelen (2010) as well as Iversen and Stephens (2008) explain the development of insider-outsider divides in Continental Europe in political terms. Palier and Thelen see insider-outsider politics as an indirect and largely unintended consequence of corporatist strategies to save the industrial production through the protection of the core workforce in the face of increased pressure for international competitiveness. From this origin, they argue, dualization has spilled over to social protection, resulting in an ever sharper distinction between social insurance for the insiders and social assistance for outsiders. Iversen and Stephens (2008: 611f), by contrast, concur with locating dualization in Continental and Southern Europe, but their argument is based on electoral politics. They argue that the heterogeneous Christian democratic coalition has always been unable to agree on redistribution, which steered these countries towards social insurance welfare states with high pay-roll taxes, generating insider-outsider divides. In the Nordic countries, by contrast,

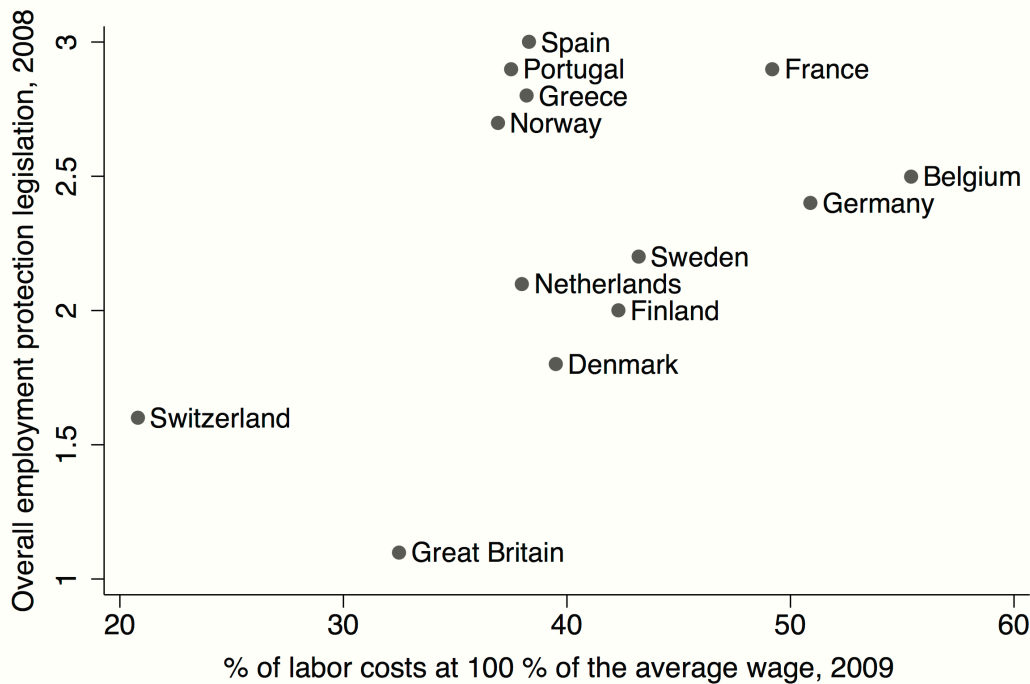
the Left was able to mobilize enough cross-class support for universalism and tax-financed redistribution, which prevented institutional dualization to a large extent (Iversen and Stephens 2008: 630). Even though emphasizing different sources, both contributions expect insider-outsider divides to be deepest in Continental and Southern Europe, because high levels of employment protection and pay-roll taxes disadvantage outsiders. This hypothesis is echoed in Häusermann and Schwander (2012b), who find the strongest differences in economic and social rights between insiders and outsiders in Continental and Southern Europe (though not looking at micro-level preferences). It is also echoed in Barrow's (2012: 7) study, in which he argues that the insider-outsider divide is less pronounced in the Nordic countries than in Continental and Southern European countries due to universalistic policies of Nordic welfare states.

While the above contributions largely equalize the structural preconditions of Continental and Southern Europe, a range of studies have more specifically focused on the 'Southern rim'. If Continental welfare states are social insurance states, the welfare states of Southern Europe are 'hyper social insurance states'. From the very start of their development, their social insurance schemes privileged old age risks, with core workers being entitled to generous pension benefits (Ferrera 1996, Jessoula and Alti 2010). By contrast, unemployment insurance has remained underdeveloped, which is why strict employment protection has developed as a functional equivalent to unemployment insurance. Most importantly, labor markets in Southern Europe never achieved full employment but have always suffered from high levels of segmentation, i.e. strong employment protection for the core workers, resulting in an unparalleled polarization between the 'regular' at the one hand and the 'irregular' and 'underground' workers at the other hand (Ferrera 2005: 5). Confronted with demands for a more flexible workforce, labor market flexibility has been achieved through 'flexibility at the

margins' or 'selective flexibilization' (Regini 2000) at the expense of the young generation. Despite some reforms in the 1990s aimed at reducing the overdeveloped pension schemes and to extend social and family benefits, segmentation and economic exclusion persist (Trifiletti 1999, Ferrera 2005, 2007, Jessoula 2012). Hence, if we expect institutional dualization to be the reason for insider-outsider divides in social policy preferences in Continental Europe, this should hold all the more true for Southern Europe.

In order to be able to test the relationship between dualization and insider-outsider preference divides, we need a measure of the institutional barriers between insiders and outsiders. Rather than relying on regimes, as most of the abovementioned studies do, we draw on these works and argue that their smallest common denominator is a consensus according to which *strict employment protection* and *high pay-roll taxes* constitute such barriers.

Figure 4 thus plots the OECD-index of employment protection legislation as well as non-wage labor costs as a percentage of the average wage as indicators for dualization. As expected, we clearly see that dualization is most pronounced in Continental and Southern Europe.



Note: Employment Protection Legislation (EPL) measures the procedures and costs involved in dismissing individuals or groups of workers and the procedures involved in hiring workers on fixed-term or temporary work agency contracts. Labor costs indicate taxes on payrolls, employment or reduction to reflect subsidies. Source: OECD Labour Force Statistics

Figure 4: Institutional dualization: employment protection legislation and non-wage labor costs

Figure 4 shows a clear positive relationship between the two indicators of labor market dualization. With few – explainable – exceptions, the countries cluster into four groups, which correspond largely to the abovementioned regimes. The first group of Continental countries is characterized by strict employment protection legislation and high labor costs (Belgium, Germany and France). The second group, including the Southern European countries and Norway, exhibits also a strong degree of dualization but places greater emphasis on employment protection. The Nordic countries Sweden, Finland and Denmark, as well as the Netherlands can be classified as ‘semi-dualized’ due to their intermediate levels of employment protection and non-wage labor costs. Considering that the Netherlands is one of the prime examples of ‘flexicurity’ (Visser and Hemerijck 1997, van Oorschot 2004, Bonoli and Bertozzi 2009, Anderson 2012), its position in the intermediate group – instead of the

Continental group – does not surprise. The least dualized countries, Switzerland and the United Kingdom, are known for their liberal labor market regulations with low employment protection and low labor costs.²⁰

Based on these theoretical arguments and empirical patterns, one would expect the divide in social policy preferences to be strongest in Continental and Southern Europe. For this empirical analysis, our measure of institutional dualization is an additive index of the employment protection legislation score (normalized from 0 to 100) and the percentage of labor costs at the average wage. Our measure of the size of insider-outsider divide in social policy preferences relies on predicted probabilities that we derive from the linear models specified in Table 2 above, but this time at the country-level: for each item of the dependent variable (i.e. the respective policy preference), we compare the predicted agreement probabilities of individuals with minimum and maximum values of outsidersness and we compute an average of this distance, holding all other variables at their median. Given that we have three dependent variables, we calculate three insider-outsider divides for each country. Figures 5 to 7 show the bivariate relationships between the extent of institutional dualization on the x-axis and the average insider-outsider divide on the y-axis.

²⁰ Despite generous levels of unemployment benefits, Switzerland for historical reasons (Armingeon 2001) has a liberal labor market with low employment protection, low social contributions, weak unions and a high degree of flexibility (Häusermann and Schwander 2012a).



Figure 5: Extent of dualization and divide in preferences for redistribution

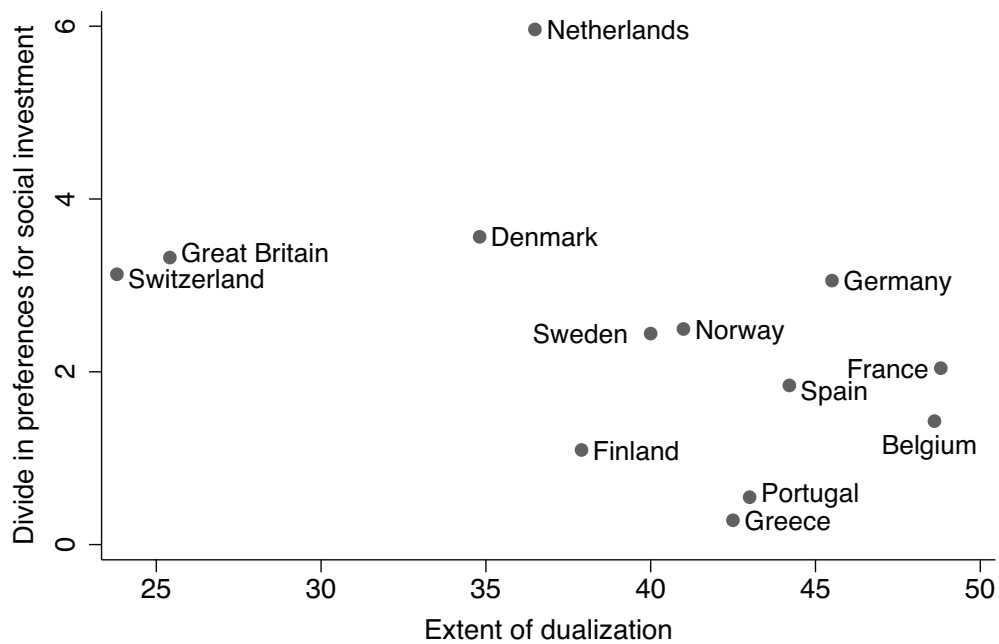


Figure 6: Extent of dualization and divide in preferences for social investment

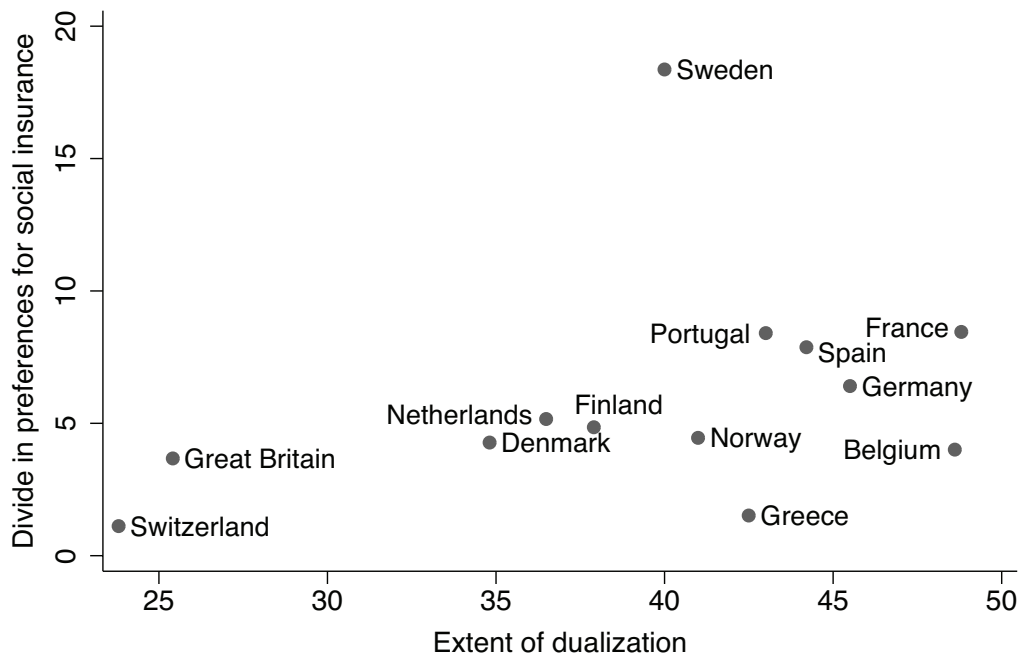


Figure 7: Extent of dualization and divide in preferences for social insurance

The main insight we gain from all three figures is an intriguing non-finding, which raises questions on the implicit assumptions much of the above referenced literature relies on: contrary to all expectations, there is *no positive relationship between the extent of institutional dualization and the extent to which insiders and outsiders differ in their social policy demands*. Figure 5 relates to the divide in redistribution preferences: even though three Continental countries (France, Germany, the Netherlands) seem to be among the countries with the deepest divide, there is not much evidence for a linear relationship: the Southern countries show only weak to medium insider-outsider divides in redistribution preferences and we have countries that entirely defy the expected link (Switzerland and Belgium, most notably). Regarding social investment (Figure 6), the disconfirming evidence is even clearer: The Continental and Southern countries (except the Netherlands) are on the lower end of a preference divide. Even though outsiders are clearly more strongly disadvantaged in these countries than in the Liberal and Nordic ones, this does not seem to be reflected in more diverging preferences of insiders and outsiders for public job creation. Regarding social

insurance preferences, Figure 7 again disconfirms a linear relationship between dualization and insider-outsider divides. Belgium, Greece, and Germany display weak preference divides despite high levels of institutional dualization.²¹

It appears clearly that – at odds with both theory and intuition – the divide in social policy preferences is not as closely related to the extent of institutional dualization as one would have expected based on our initial findings, which established that labor market vulnerability clearly impacts on social policy preferences. The main question here clearly is how we can explain that insider-outsider divides are so weak in Continental and Southern Europe? In the remainder of the article, we develop and test a possible explanation based on the effect of the *socio-structural risk distribution and household patterns* on social policy preferences.

We argue that the size of the preference divide might depend on the role of the household in a society, i.e. on the extent to which the effect of labor market vulnerability on an individual's socio-economic situation is affected by his or her household situation. In other words, we think that certain welfare systems imply stronger advantages for dependent family members, be they spouses or children, than others. Consequently, we contend that for outsiders in

²¹ As a robustness test, we compared the results with alternative measures for the insider-outsider preference divides. As a first alternative measure of the size of the divides, we use the average change of the predicted probability across all items of the dependent variable as the outsidership value of an individual changes from 1/2 standard deviation below the mean to 1/2 standard deviation above the mean, holding all other variables at their median. This measure controls for the possibility that the divides might only be due to preferences of individuals with extreme values of labor market vulnerability. However, the correlations with the measure based on the average change from minimum to maximum values of outsidership are very high ($r = 0.95$ for the size of the divide in preferences for redistribution, $r = 0.98$ for the size of the divide in preferences for job creation, $r = 0.99$ for the size of the divide in preferences for social insurance). Also, the non-relationship between divides and extent of dualization remains the same.

As another alternative measure, we use the difference of the predicted probabilities to agree to the specific social policy between an individual with the maximum and minimum values of outsidership (strongly agree for redistribution preferences, 7-10 on the 11 point scale for job creation, agreement that higher contribution payer should receive larger old age pensions for social insurance preferences) instead of the average change across all items of the dependent variable. Again, the results do not change: The correlations between the measures are high ($r = 0.84$ for the size of the divide in preferences for redistribution, $r = 0.89$ for the size of the divide in preferences for job creation, $r = 0.97$ for the size of the divide in preferences for social insurance) and the relationship between the extent of dualization and the size of the divides remain largely unchanged. The only exceptions are the Netherlands and Denmark, where the relationship between the divide in preferences for redistribution and the extent of dualization becomes even slightly less strong.

Continental and Southern Europe, household composition matters more than for outsiders in the Nordic and liberal countries for two reasons: first, labor market vulnerability is distributed differently in Continental and Southern countries than in Nordic and Liberal ones. In Continental and Southern countries, labor market vulnerability is concentrated among dependent family members (young adults or wives, see Schwander and Häusermann 2012). Hence, preferences are equalized if outsiders live with insiders, because the social insurance welfare state treats the family as the unit of welfare to be covered. A female outsider in Continental Europe gains social rights as dependent family member and “at the end of the day, the income of both spouses adds to a household income” (Iversen and Rosenbluth 2008: 13). For the same reason, Barrows (2012: 21) expects even outsiders to benefit from insider-policies in Continental Europe, which explains why social preferences of outsiders that are married to an insider resemble those of insiders. In Southern Europe, where the family acts as a solidarity net (Ferrera 2005: 7) and labor market vulnerability is predominant among young adults, outsiders form their preferences on the basis of the household position as well, and not on the basis of their own labor market position only. Moreover, outsiders in Southern Europe might hope to become insiders like their parents and benefit from employment protection and social insurance. Age is a variable factor and young outsiders might hope to ‘grow out’ of their labor market risks. In the Nordic welfare states, by contrast, being married to an insider does not affect your social rights vis-à-vis the state, because welfare states are individualistic and universalistic. This is why individual differences in labor market vulnerability, even though the labor market is overall more flexible, show up more strongly when looking at individual preferences. Finally, in the Liberal regime, where labor market risks are structured by skill levels (Schwander and Häusermann 2012), marriage and household formation does not change outsiders’ fate as strongly, either. As Barrows (2012: 19) shows, 77 percent of

individuals in the USA and Britain are married to a partner in the same or adjacent class of the Erikson-Goldthorpe class scheme.²²

We examine these theoretical mechanisms by testing an interaction effect between the respondent's outsidership and the outsidership of the partner. We hypothesize that the labor market vulnerability of the partner should increase the effect of outsidership in Continental Europe on preferences for social policies but not in the other regimes.

The results of the interaction between the outsidership value of the respondent and the outsidership value of his or her partner for each regime are shown in Table 3.²³ Models 1 – 4 present the results for preferences for redistribution, models 5 – 8 refer to preferences for social investment and models 9 – 12 refer to preferences for social insurance. The analyses include the same control variables as before and they control for country effects.

²² Data from the ISSP Role of Government, 2006.

²³ We have also computed the linear models, in order to estimate the direct effects at the level of regimes (rather than pooled). The direct effects are robust as compared to the pooled analysis in Table 2.

Determinants of insider-outsider divides

Table 3: Effect of household composition on social policy preferences: Coefficients from ordered logit regressions

	Redistribution				Job Creation				Insurance			
	Liberal M1	Nordic M2	Continental M3	Southern M4	Liberal M5	Nordic M6	Continental M7	Southern M8	Liberal M9	Nordic M10	Continental M11	Southern M12
Outsiderness	0.741*** (0.25)	0.779*** (0.18)	0.220* (0.13)	0.109 (0.13)	0.542** (0.24)	0.372*** (0.14)	0.230*** (0.08)	0.109 (0.11)	0.075 (0.34)	-0.587*** (0.18)	-0.137*** (0.03)	0.115 (0.13)
Outsiderness of partner	0.255 (0.27)	0.377** (0.18)	0.108* (0.06)	-0.079 (0.14)	0.380 (0.27)	0.136 (0.16)	0.059 (0.04)	0.166 (0.13)	0.272 (0.29)	-0.284* (0.17)	-0.013 (0.19)	0.108 (0.16)
Outsiderness x Outsiderness of partner	0.146 (0.49)	0.302 (0.26)	0.185*** (0.03)	-0.032 (0.13)	-0.178 (0.51)	0.180 (0.21)	0.147*** (0.03)	0.125 (0.12)	-0.710 (0.56)	-0.028 (0.25)	0.109 (0.07)	0.364*** (0.14)
Education	-0.076 (0.07)	-0.101*** (0.04)	-0.114** (0.04)	0.046 (0.06)	0.012 (0.07)	-0.058 (0.08)	-0.112*** (0.02)	-0.134** (0.06)	0.083 (0.08)	0.156*** (0.04)	0.113* (0.07)	0.172** (0.07)
Female	-0.062 (0.25)	0.229** (0.11)	0.008 (0.14)	0.008 (0.22)	0.151 (0.23)	0.383*** (0.12)	0.155 (0.23)	0.175 (0.20)	0.202 (0.30)	-0.136 (0.12)	0.030 (0.15)	0.077 (0.25)
Age	-0.001 (0.01)	0.026*** (0.00)	0.006 (0.00)	0.005 (0.01)	0.008 (0.01)	0.008* (0.00)	-0.002 (0.00)	0.007 (0.01)	-0.021** (0.01)	-0.007** (0.00)	-0.005 (0.01)	0.006 (0.01)
Income	-0.112*** (0.04)	-0.148*** (0.02)	-0.143*** (0.04)	-0.120*** (0.04)	-0.064* (0.04)	-0.075*** (0.02)	-0.113*** (0.03)	-0.006 (0.03)	0.080* (0.04)	0.110*** (0.02)	0.177*** (0.03)	0.009 (0.04)
Union membership	0.459** (0.19)	0.501*** (0.08)	0.309*** (0.09)	-0.077 (0.20)	0.434*** (0.16)	0.165 (0.14)	0.300*** (0.06)	0.120 (0.20)	-0.192 (0.18)	-0.100 (0.08)	-0.232* (0.12)	0.188 (0.25)
Church attendance	0.021 (0.06)	-0.098*** (0.03)	-0.114*** (0.04)	-0.028 (0.05)	-0.036 (0.05)	0.051*** (0.01)	-0.087* (0.05)	-0.054 (0.05)	0.110 (0.07)	-0.033 (0.03)	0.080** (0.04)	-0.111** (0.06)
Pseudo R ²	0.028	0.059	0.051	0.029	0.010	0.016	0.018	0.011	0.020	0.080	0.086	0.051
N	684	3060	3141	1216	687	3062	3146	1212	677	3010	3080	1158

*Notes: Values are in parentheses are standard errors; Ordered logistic regression with clustered standard errors and country dummies, data is weighted; country dummies and cut-points are not shown due to space restriction; Pseudo R² is the McKley and Zavoina R²; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level. For the classification of regimes, see appendix 2. Data source: ESS 4 2008.*

The most important finding in Table 3 is that we find significant and positive interaction effects regarding preferences for income redistribution and social investment in Continental Europe (Model 3 and 7), but not in the other regimes. The effect of respondents' labor market vulnerability on preferences is *increased* by the partners' labor market vulnerability. Conversely, this means that the effect is lowered if the partner is in a less vulnerable situation. As argued by Barrows (2012), Continental welfare states aim at maximizing not only the individual welfare, but the welfare of the spouse. Therefore, the partner's labor market situation matters more for preferences than in the other regimes.

Regarding social insurance, the results do not correspond to our expectations. Model 11 indicates a positive but not significant interaction effect for the Continental regime while the interaction effect is significant in the Southern countries (model 12). This could be due to the fact that the specific survey question is about pension benefits, and old age pension regimes are highly traditionally 'male-breadwinner' in the sense that they are oriented towards insuring insiders and their spouses. In Continental Europe itself, however, the derived rights of dependent spouses have been considerably reduced over the past years (Häusermann 2010).

By contrast, the interaction effects are not significant in the Nordic and Liberal regimes, indicating that the labor market position of the partner does not affect the effect of labor market vulnerability of respondent on preferences for income redistribution, social investment and social insurance. This corresponds to our expectation that the household composition does not alter the individual socio-economic situation to a great extent.

Overall, these findings confirm our expectation that the strongly gendered structuring of labor market vulnerability in Continental Europe in combination with the specific structure

of the welfare state in these countries allows outsiders to minimize the effects of labor market vulnerability through the household.

We conclude that the comparatively low preference divides between insiders and outsiders in Continental and Southern Europe may indeed be explained by the specific structure of risk and welfare states, providing outsiders with the opportunity to derive benefits from forming a household with an insider. It should be noted that we do not claim to provide a conclusive analysis of how outsiders might compensate their labor market vulnerability or how to explain the low divides in preferences between insiders and outsiders generally. This clearly provides ample questions for further investigation of individual-level mechanisms and institutional effects. However, our analysis does provide a first hint at explaining why institutional labor market dualization has not become more strongly politicized yet.

Conclusions

This article shows that labor market vulnerability affects the social policy preferences of individuals. The higher someone's risk to be either unemployed, involuntarily self-employed or temporarily employed, the more likely this person is to demand social policy that is oriented towards needs-based redistribution or job creation, i.e. towards the specific needs of outsiders. On the contrary, the more secure someone's labor market situation, the more supportive this person is of social policy that is based on contribution-based social insurance, i.e. a type of welfare that rewards stable and continuous insider employment. We also find robust evidence for the fact that human capital levels affect the extent to which labor market vulnerability determines social policy preferences: at higher levels of education, vulnerability has a stronger positive effect on the support of job creation policies than at lower levels of education, because highly skilled people in atypical employment and

unemployment are keen on re-entering the labor market on a firmer basis. Similarly, vulnerability has a stronger negative effect on people's attitudes towards contribution-based social insurance at higher levels of education than at lower levels, because the opportunity costs of social insurance for highly skilled outsiders are higher than for the more low-skilled outsiders. Regarding preferences for redistribution, however, we find no interaction effect, which makes sense if we keep in mind that redistribution is attractive for all low-income workers and less so for all more highly skilled people. These findings at the individual level are based on a pooled analysis of 13 West European countries, and they conform very clearly to straightforward rational-choice expectations about welfare preferences. They also represent clearly confirming evidence for the insider-outsider theory of labor market preferences, which suggests that conflicts cross-cutting the working class on the basis of secure vs. precarious employment have become a salient social reality in post-industrial societies (e.g. Rueda 2007, Emmenegger et al. 2012). Looking at the individual level only, this clearly seems to be the case.

However, our ultimate interest as political scientists is knowing if these preference divides at the socio-structural level might become *politically* salient, i.e. if the distinct preference profiles of individuals in secure vs. precarious employment may lend themselves to political mobilization, politicization and representation in the policy-making spheres. In order for this to be the case, we would expect preference divides to be deepest where the extent of inequality in labor market vulnerability is highest. In other words, we would expect that high institutional barriers between insiders and outsiders at the macro level (employment protection and high pay-roll taxes) exacerbate the preference divides at the micro-level, thereby preparing the ground for a politicization of the unequal distributive effects of these institutions. This, however, and this non-finding is probably the most intriguing result of

our analysis, is not the case. In Continental and Southern Europe, where the dualized institutional set-up clearly discriminates against labor market outsiders, the divide between vulnerably employed and the securely employed regarding their social policy demands is by no means deeper than in more flexible or egalitarian labor market regimes. Rather, the substantial size of this divide is generally small all across Europe, even in countries such as Spain, France or Germany, where both labor markets and welfare states draw sharp lines between the life chances of insiders and outsiders. We have investigated what we consider the most promising explanation of this non-finding: in the more dualized countries, outsiders are able to ‘make up’ for their disadvantages through the household. Indeed, being married to an insider clearly moderates the preferences of outsiders in Continental Europe (and to some extent in the South), but not in Northern Europe and the UK. This makes perfect sense when considering that Continental welfare states still imply generous derived rights for dependent spouses, whereas this is much less the case in universalistic and liberal welfare states. And given that labor market vulnerability in Continental Europe is radically concentrated among women, it explains the relatively low insider-outsider divides. We assume that a similar mechanism is at work in Southern Europe, where labor market vulnerability clusters among the younger generations, who in most cases depend on their family until far into their adult lives, but unfortunately we were unable to test this empirically in this article for reasons of lacking data on the labor market vulnerability of parents in the ESS.

With the findings presented in this article, we make contributions to three debates: we corroborate the micro-level hypotheses of the insider-outsider theory with different and more detailed indicators of social policy demands than the ones used in the previous analyses (Rueda 2005, 2007, Emmenegger 2009, Barrows 2012), but we also raise a red

flag to this literature by showing that there is no automatic translation of micro-level preferences in politics, let alone in policies, a caveat that is all too often neglected. We also contribute to the more macro-level literature on the politics of dualized labor markets (such as Esping-Andersen 1999a, Iversen and Soskice 2009), which tends to assume that dualizing institutions are underpinned by, and exacerbate, socio-structural preference divides between insiders and outsiders. We show that this institutionalist assumption does not hold up to empirical testing. This, obviously, bears an even broader point to the institutionalist literature, by questioning the direct link between political institutions and micro-level preferences, which is implicit in much of the recent literature on the varieties of capitalism. Our analysis shows that the effect of institutions may be moderated, if not annulled by other societal or economic determinants of preferences.

Finally, and as we think most importantly, we contribute to the analysis of the political implications that post-industrial labor markets and the current turmoil of crisis and austerity have – or have not – on the politics that shape the distribution of resources and life chances in Western Europe. In hard times where youth unemployment is over 50 percent in many regions of Southern Europe, and where atypically employed workers are the first to lose their jobs all over Continental and Southern Europe, the question whether outsiders are likely to mobilize politically – and whether they *can* be mobilized or not – is of crucial importance. Our findings suggest that even though the potential for mobilization exists at the level of individual preferences (given that labor market vulnerability affects preferences in a consistent and robust way), we are very far from a mobilization of the insider-outsider cleavage, because these divides are to a large extent de-mobilized both socially (through the household) and politically (through the welfare states). A failure of both of these compensation mechanisms might change this balance, but for now, the chances for

outsiders to act politically on the basis of their ‘outsiderness’ are slim. Moreover, there is an obvious lack of incentives for parties and trade unions (the ‘supply side’) to contribute to this mobilization, not only because of institutional power asymmetries, but also because labor market vulnerability strongly contributes to abstentionism (Häusermann and Schwander 2012b). Hence, we might very well assist at a deepening of dualization and labor market precariousness without this increasing inequality being politicized.

Appendix

Appendix 1 - Classification of occupations in post-industrial class groups

Classification of occupations in post-industrial class groups, based on Oesch 2006 and Kitschelt and Rehm 2005: 23

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers, self-employed professionals and petty bourgeoisie with employees (Capital accumulators) <i>self-employed and ISCO88-2d <=24</i>	Technical experts (Capital accumulators) <i>ISCO88-2d 21</i> Technicians (Mixed service functionaries) <i>ISCO88-2d 31</i>	Higher-grade managers (Capital accumulators) <i>ISCO88-2d 11, 12</i> Associate managers (Capital accumulators) <i>ISCO88-2d 13</i>	Socio-cultural semi-professionals (Socio-cultural professionals) <i>ISCO88-2d 22-24, 32-34</i>	Professional/ managerial Associate professional / managerial
Petty bourgeoisie without employees (Mixed service functionaries) <i>self-employed and ISCO88-2d >24</i>	Skilled crafts (Blue-collar workers) <i>ISCO88-2d 71-74</i> Routine operatives and routine agriculture (Blue-collar workers) <i>ISCO88-2d 61, 92, 81-83, 93</i>	Skilled office workers and routine office workers (Mixed service functionaries) <i>ISCO88-2d 41, 42</i>	Skilled service and routine service (Low service functionaries) <i>ISCO88-2d 51, 52, 91</i>	Generally / vocationally skilled Low/ un-skilled

Appendix 2 - Table of operationalisation

Variable	Operationalization
Needs-based welfare state: Redistribution	ESS 4 2008; 5 point scale ranging respondent's answer to the variable "gincdiff": "Government should take measure to reduce differences in income levels"; 1 = disagree strongly, 2 = disagree, 3 = neither disagree nor agree, 4 = agree, 5 = agree strongly; recoded so that higher values means higher agreement with redistribution
Social investment state: job creation	ESS 4 2008; 10 point scale ranging respondent's answer to the variable "gvjbevn": „How much responsibility the government should have to ensure a job for everyone who wants one?"; 1 = not government's responsibility at all, 10 = entirely government's responsibility
Employment-based welfare state: Social insurance	ESS 4 2008; respondent's answer to the variable "earnpen": "Some people say that higher earners should larger old age pensions because they paid more in, whilst others think that lower earners should get more because they are in greater need"; 1 = higher earners should get larger old age pensions, 2 = high and low earners should get the same amount, 3 = lower earners should get larger old age pensions.
Outsiderness	EU-SILC 2007; continuous variable, difference between group-specific rates of atypical employment / unemployment and the country-specific average rate, value attributed to members of occupational categories in ESS 4 2008
Welfare regimes	Liberal countries: Britain Nordic countries: Denmark, Finland, Norway, Sweden Continental countries: Belgium, France, Germany, Netherlands, Switzerland Southern countries: Greece, Portugal, Spain
Classes	ISCO-2d codes, recoded from pl050 (EU-SILC) and iscoco (ESS 4 2008) into CA, MSF, BC, SCP, LSF; see appendix 1
Unemployment	EU-SILC 2007; dummy variable measuring unemployment, recoded from pl030
Involuntary part-time	EU-SILC 2007; dummy variable measuring involuntary part-time work, recoded from pl030 (self-classification of respondents) and pl120 (reason for part-time work)
Fix-term contract	EU-SILC 2007; dummy variable measuring fix-term contract work, recoded from pl140
Atypical work / Unemployment	EU-SILC 2007; dummy variable measuring atypical employment (involuntary part-time, fix-term work, helping family member) and unemployment among all other employment status;
Female	ESS 4 2008; dummy variable for gender, recoded from pb150 (EU-SILC 2007) and (ESS 4 2008), 1 = women, 0 = men
Young	Dummy variable for young, recoded from pb140 (EU-SILC 2007) and agea (ESS 4 2008); 1 = below 40, 0 = above 40
Age	ESS 4 2008; ratio-scaled variable based on agea, age in years
Education	ESS 4 2008; continuous variable based on highest completed degree (edulvl), 1 = primary or less, 2 = lower secondary, 3 = upper secondary, 4 = post-secondary, 5 = tertiary

Chapter 2

Income	ESS 4 2008; total net household income in deciles (hinctnta)
Union membership	ESS 4 2008; dummy variable measuring union membership (mbtru); 1 = union member; 0 = not union member
Church attendance	ESS 4 2008; recoded from rlгатnd (how often do you attend to religious services); 7 = everyday, 6 = more than once week, 5 = once a week, 4 = at least once a month, 3 = only on special holidays, 2 = less often, 1 = never
Living in a couple household	ESS 4 2008; dummy variable measuring if respondent lives in a couple household (lvгptna and lvghwa); 1 = living in a stable couple (married or not), 0 = divorced, widowed, single, separated
Employment Protection Legislation	OECD Employment database; index measuring the procedures and costs involved in dismissing individuals or groups of workers and the procedures involved in hiring workers on fixed-term or temporary work agency contracts in 2008
Non-wage labor costs	OECD Employment database; labor taxes as percentage of labor costs at the average wage, 2008
Index of dualization	Normalized additive Index from Employment Protection Legislation and non-wage labor costs
Insider-outsider divide in preferences for redistribution	ESS 4 2008; average of absolute value of the change in predicted probabilities across categories of preferences for redistribution when outsidersness moves from minimum to the maximum
Insider-outsider divide in preferences for social investment	ESS 4 2008; average of absolute value of the change in predicted probabilities across categories of preferences for job creation when outsidersness moves from minimum to the maximum
Insider-outsider divide in preferences for social insurance	ESS 4 2008; average of absolute value of the change in predicted probabilities across categories of preferences for social insurance when outsidersness moves from minimum to the maximum
Outsidersness of partner	EU-SILC 2007; continuous variable, difference between group-specific rates of atypical employment / unemployment and the country-specific average rate, value attributed to members of occupational categories in ESS 4 2008
Gender of partner	ESS 4 2008; dummy variable for gender of the respondent's partner, recoded from gndr2/3/4 (gender) and rshipa2/3/4 (relationship with household member); 1 = female, 0 = male
Age category of partner	ESS 4 2008; dummy for young of the respondent's partner, recoded from yrbrn2/3/4 and rshipa2/3/4 (relationship with household member); 1 = below 40, 0 = above 40
Class of partner	ESS 4 2008; recoded from iscocop (ISCO88-2d code of partner) into CA, MSF, BC, SCP, LSF; see appendix 1

Part II: The mobilisation of the insider-outsider divide

After having discussed the distribution of labour market vulnerability and the divergent labour market and social policy preferences of insiders and outsiders, we turn now to the mobilisation of the insider-outsider conflict. The next chapter deals with the response of parties to the insider-outsider divide examining parties' electoral strategies. More precisely, I analyse whether social democratic parties are representatives of insiders as postulated in the literature on the politics of dualisation (Rueda 2006, 2007) or whether they try to mobilise outsiders as well. The third chapter is devoted to the electoral consequences of the insider-outsider divide. In line with the focus on social democratic parties of the previous chapter, I analyse the electoral behaviour of insiders and outsiders with regard to vote abstention and voting for the social democratic party in Chapter 4. Thus, while the third chapter examines the electoral strategies of the social democratic parties, the fourth chapter deals with the success of the electoral strategies. For both chapters, the competitive situation of the social democratic party within the party system figures as crucial explanatory variable.

In terms of analytical focus, I move from large N-studies to smaller case studies to analyse the electoral strategies of social democratic parties in more detail in six West European countries (Britain, Spain, France, Germany, the Netherlands and Switzerland). The country selection is motivated by the following reasons: First, within these countries we find different party systems confronting the social democratic party with a varying number of competitors for its electorate. These countries enable us to study the electoral strategies of

social democratic parties in different competitive constellations. Additionally, a substantial share of the workforce in these countries is confronted with a high risk of atypical employment and unemployment.²⁴ A more practical reason refers to the nature of the data collection which was done by means of human coding of newspaper articles. As this is a work-extensive method to collect data (as I will explain below), which also requires language knowledge, we had to restrict the country sample to a manageable set.

To assess the electoral strategies of parties, we need their positions regarding those issues that are relevant for insiders and outsiders, i.e. labour market regulation and social policies, on a comparative basis. Such data did not exist as available data on parties' positions code their positions only regarding more or less state intervention. Fortunately, I could rely on a new dataset collected in a larger project²⁵ on parties' social policy positions, derived from a coding of party statements as reported in newspapers during election campaigns. I re-coded the statements according to more fine-grained dimensions (logics) of welfare state orientation and interests of high- and low-skilled insiders and outsiders, respectively. A further advantage of the data is that it relies on the media coverage of national election campaigns. For a long time, party positions have been coded mainly from party manifestos (see Laver 1989, Klingemann et al. 1994, Budge et al. 2001, Benoit and Laver 2006). In the time of media democracy, however, most voters obtain their information through the media. Moreover, voters' perceptions about the relevance of an issue are shaped by the media (Petrocik et al. 2003). Thus, a recent strand of research on party positions has argued that parties' manifestos have become less relevant for transporting information of party

²⁴ Share of outsiders in the workforce: UK: 39.5%, FR: 34.2%, ES: 48.1%, DE: 50.6%, NL: 45.4, CH: 46.0%, own calculations, based on EU-SILC 2007.

²⁵ SNF-Project „How is in and how is out“, grant-number: 1000017-131994/1 funded by the Swiss National Science Foundation, Project leader: Silja Häusermann.

positions and we should focus on media coverage to assess party positions (Kleinnijenhuis and Pennings 2001, Kriesi et al. 2008, Kriesi et al. 2012, Bornschier 2010).

Social democratic parties and their role in the dualisation of labour markets

Regarding the mobilisation potential of the insider-outsider divide, I am particularly interested in the responses of the social democratic party for two reasons: Since it is the main representative of the working class, it is the social democratic electorate that is divided into outsiders and insiders. This makes the social democratic party vulnerable to rival parties competing for its electorate. Moreover, as ‘welfare state party’, the social democratic party should be particularly concerned about the new inequalities in the workforce. The second reason refers to the ambivalent assessment of the role of social democracy for the development of dualisation. It has both been argued that social democratic parties foster dualisation by addressing only the interests of their core constituency, the insiders (Rueda 2006, 2007), but also that social democracy has prevented dualisation with universalistic and redistributive policies (Palier and Thelen 2010, Pontusson 2011, Häusermann and Schwander 2012a) or through cooperation with encompassing unions (Obinger et al. 2012). The role that social democratic parties have played in shaping dualisation is, thus, far from clear. Moreover, in many European countries, the social democrats proved crucial in reforming labour markets and welfare states. To emphasize the importance of social democratic parties in the course of dualisation, I present two examples of welfare and labour market reforms under a social democratic government which have not preserved the privileges of insiders. The first example is the flexibilisation and deregulation of the Dutch labour market in the 90s and 2000s that transformed the Dutch economy from ‘welfare

without work’ to the ‘Dutch miracle’ (Hemerijck and Visser 2001). The second example is the reform of the labour market and welfare state by the German social democratic party in the early 2000s, exemplified by the introduction of the Agenda 2010 and the *Hartz* laws.

The Netherlands

During the 1980s, the Dutch economy suffered from a persistent recession and high levels of unemployment. As in many Continental-conservative welfare states, employment protection for standard employment was high (3.1 in the late 1980s, OECD 1999). Because it was so difficult to lay off employees, unions and employers used the sick and disability scheme (*Wet op de Arbeidsongeschiktheidsverzekering, WAO*) to dispose of abundant employees. This strategy of workforce shedding resulted in a share of the workforce depending on social benefits so high that the Dutch economy was tagged with the label ‘welfare without work’. Even though the story of the flexibilisation of the Dutch labour market and adaption of the welfare state to a flexible workforce cannot be told without emphasizing the role of corporatism (Visser and Hemerijck 1997), the government took a leading role in the decision-making process (Wolinetz 2001, Salverda 1999, cited in Anderson 2012) and its changed ambitions to maximise employment rates guided the directions of the reform (Hemerijck and Visser 2001: 234). In 1989, a coalition of Christian democrats and the social democratic *Partij van der Arbeid* (PdvA) introduced harsh measures to lower the incentive to use the sick and disability scheme as exit option, resulting in an increase of the de facto retirement age (Anderson 2012). The reform was highly unpopular and brought both parties electoral defeat in 1994 (Hemerijck and Visser 2001: 232).

Nevertheless, the PdvA was able to form the ‘purple coalition’ with the two liberal parties VDD and D66 and declared ‘work, work, work’ as the central slogan of its government. The government continued to deregulate and flexibilise the labour market, a process accompanied by various activation policies (Merkel et al. 2006: 250, Hemerijck and Visser 2001). Exemplary of the changed ambition of the government and the social partners was the promotion of flexible employment: the status of part-time work was improved and, since 1999, the use of flexible work contracts was facilitated (*Flex-Wet*). At the same time, social protection for atypical employed was expanded and atypical employment forms were included in the collective social security schemes (OECD 2002, van Oorschot 2004, Anderson 2012). For example, atypical employment was included in the unemployment insurance. However, this came at the price of reduced overall levels of generosity and toughened incentives to accept work. The reforms resulted in a massive increase in female labour market participation and the highest share of part-time workers in the OECD (OECD 2000). At the same time, the Netherlands invested heavily in active labour market policies, spending more on active labour market policies than the OECD average in 2001 (Anderson 2012). The second strategy to enhance employment rates was the creation of a low-pay sector with several in-work benefits. The ‘purple coalition’ introduced wage support, reduced or no social contribution and tax breaks for low paid jobs to increase the employment rate of the low-skilled (Hemerijck and Visser 2001). In 2001, tax credits increased the incentives for the second earner to work either full time or part-time and paved the way to a ‘one and a half earner’-economy (OECD 2002: 47).

Germany

When the German *Sozialdemokratische Partei* (SPD) took over the government together with its green junior partner in 1998, unemployment was the most pressing political and economic problem. German reunification and a slogging economy caused unemployment rates to rise to 9.4 percent in the election year (OECD 2005). Especially women, low-skilled and elderly individuals found it hard to find full time employment (Merkel et al. 2006) As in the Netherlands, unions and employers used to reduce labour supply through the use of early retirement at the costs of contribution payers what caused labour costs to rise.

Germany represents thus a classical example of dualisation (see Palier and Thelen 2010).

The initial aim of the red-green coalition was to revert the tentative reforms of its Christian democratic predecessor, but after the resignation of finance minister Lafontaine, the SPD changed its strategy. A strategy paper in 1999 with Tony Blair constitutes a changing point in the SPD's ambitions and understanding of employment and economy. It was argued that a flexibilisation of labour markets and a reduction of taxes are essential to create a booming economy for the benefits of all (Hassel and Schiller 2010). Instead of reducing labour supply, the focus shifted on activation and increasing employment rates, also for low-skilled individuals (Hinrichs 2010) what required to reform welfare state and labour market institutions. After various, less successful attempts to increase employment rates (*Job-AQTIV* Law in 2001), the red-green government introduced the Agenda 2010 and the *Hartz* reforms from 2003-2005. The last, and most controversial, *Hartz IV* law reduced the generous earning-related unemployment benefit (*Arbeitslosengeld I*, *ALG I*) from 32 months to 12 months. After that, the unemployed have to rely on the flat-rate *Arbeitslosengeld II* (*ALG II*) which corresponds to the level of the former social assistance. The management und placement of unemployed individuals was improved through personal

service agencies (*Personalserviceagenturen, PSA*) but obligations of benefit recipients to seek and accept work were strengthened (Hassel and Schiller 2010, Hinrichs 2010, Fleckenstein 2011). The SPD also reduced employment protection for employees in small enterprises and introduced various activation measures, for example a training program for young adults (*JUMP*) that guaranteed a training place or a job after six months of unemployment (but had little effect, see Fleckenstein 2011:76, Blancke and Schmid 2003: 227). Further measures included the reduction of social contributions on low-paid jobs and secondary employment to create low-pay-low-skill service jobs that were hindered before by the high social contributions (Scharpf and Schmidt 2000, Fleckenstein 2011).

While the Agenda 2010 is often seen as a ‘paradigmatic shift’ (Fleckenstein 2011: 1) in the previously blocked Germany political economy, its implications are more critically evaluated. The reform project is often seen as move towards the liberal model (Hinrichs 2010). Indeed, the reduced levels of income security and a stronger reliance on means-tested benefits signify a loss of rights for insiders as the focus has shifted from income maintenance to poverty prevention. Income maintenance should be secured through private insurance (Hinrichs 2010) what makes the reform particularly painful for low-skilled insiders, who do not have the means to secure protection from the private market, a phenomenon particularly pronounced in the pension system. At the same time, the reduced duration of the earning-related unemployment benefit *ALG I* means that insiders face a greater risk of becoming outsiders. The activation side of the reform project, in turn, has been neglected by the red-green government. Activation was mainly achieved by punitive workfare policies: a reduction of benefit levels and stronger obligations for unemployed to accept work. This makes it unclear how much the reform enhanced the situation of outsiders. Only the grand coalition that followed the red-green government in 2005, extended family service by expanding paid parental leave for both mother and father and,

even more important, introduced the right for child care for all children under three years from 2013.

The previous examples show that social democratic parties have been decisive to modernise the industrial welfare state and flexibilise the labour market. Indeed, it has been argued that it is more feasible for left parties to cut back the welfare state following a ‘Nixon goes to China’-logic (Ross 2000, Kitschelt 2001). While my argument does not focus on retrenchment of the welfare, I share the conviction that social democratic parties are credited with higher leverage in reforming the welfare state, exactly because of their positive welfare image (Schumacher et al. 2012) but also because of their closer links to trade unions.

From the supply side to the demand side of political competition: The electoral consequences of dualisation

The third chapter examines the strategies of social democratic parties with regard to low- and high-skilled insiders and outsiders, respectively. A related question refers to the electoral behaviour of these groups. Do low-skilled insiders still vote for social democratic parties? Literature on the electorate of right populist parties shows that young, male low-skilled workers constitute the backbone of electoral support for right populist parties (Kitschelt 1995, Mayer and Perrineau 1996, Kriesi 1998, Oesch 2008, Bornschier 2010). Conversely, as the core constituency with strong partisan ties to the social democratic party we could expect low-skilled insiders still to vote for the social democratic party because they need less persuasion from their ideologically close party (Dalton 2012). Similarly, the electoral behaviour of outsiders is unexplored: Do outsiders react to the social democratic

mobilisation efforts and vote for the social democratic parties or do they abstain from voting?

This is the topic of Chapter 4 which examines the electoral behaviour of insiders and outsiders in Germany, France and Britain drawing on data from the Comparative Study of Electoral Systems (CSES). To relate the electoral consequences to the electoral strategies of parties but to keep the complexity at a minimum, I restrict the analysis to the exemplary cases Germany, France and Britain. In contrast to the chapters examining the individual level-preferences, I use the dichotomous conceptualisation. The reason for this lies in the logic of political mobilisation: Parties mobilise their electorate as social groups, not as individuals. I therefore conceptualise insiders and outsiders as two distinct social groups. In order to take into account the heterogeneity of the insider and outsider groups, especially in terms of skill levels, I control for education levels. I also tested an interaction effect with education levels as we did for third chapter but without finding significant effects. Thus, in contrast to the determinants of social policy preferences, the effect of being an outsider on the likelihood to vote for the social democratic party or to participate in the elections does not vary at different levels of education.

The mobilisation of insiders and outsider in the context of the literature

One of the goals of my thesis is to strengthen the link between the literature on political representation and political parties and the literature on social policy. The social policy literature has shown that welfare states have changed profoundly over the last decades. After a period where welfare reform was deemed to be unrealistic due to feedback effects of the welfare state which created large groups of beneficiaries and the fear of governing parties to bear the electoral consequences of welfare retrenchment (Pierson 1996), social

policy research has shown that even the previously ‘frozen landscapes’ of Continental welfare states (Esping-Andersen 1996) have changed incrementally but profoundly (Blases and Seeleib-Kaiser 2004, Häusermann 2010, Palier 2010b), whether in the realm of unemployment insurance (Clegg 2007), pension policies (Bonoli 2003, Bonoli and Palier 2007, Häusermann 2010) or family policies (Leitner et al. 2003, Daly 2004, Morel 2007, Lewis et al. 2008, Daly 2011). From the literature on new social risks we also know that these reforms do not entail primarily a retrenchment but rather a restructuring of the welfare state to new social risks (Bonoli 2006: 5, Taylor-Gooby 2004, see also Häusermann 2010) with different distributive implications for different social groups (as for example, insiders and outsiders, but also younger and older generations). Additionally, a vast literature has shown on the level of macro-outcomes that a large welfare state does not need to be a redistributive welfare state (see for example, Esping-Andersen 1990, van Kersbergen 1995, Huber and Stephens 2001, van Kersbergen and Manow 2009). By contrast, the literature on party politics still treats parties as parties with either a ‘positive’ or ‘negative’ welfare image (Schumacher et al. 2012), as ‘pro’ or ‘contra’ welfare parties (Green-Pedersen 2002). My thesis takes up this differentiation between the general welfare state and the different dimensions (or logics) of the welfare state on the supply side of political competition. I show that parties base their electoral campaigns on different welfare logics to mobilise a large electoral coalition. In times where distributive conflicts are not only about more or less redistribution (Kitschelt and Rehm 2006, Häusermann 2010, Fernández-Albertos and Manzano 2011) and traditional lines between pro and contra welfare state parties have become blurred (Ross 2000, Kitschelt 2001), this insight is relevant for the literature on political parties and welfare state research alike.

My thesis provides also insights for the literature on dualisation and party competition. In contrast to most of the literature about partisan effects on the welfare state, which equates

the position of a party with the position of its core constituency, I argue that we should not merely focus on the preferences and interests of the party's core constituency. Rather, we need to consider the preferences and interests of the contested segments of the electorate since these voters are at risk to vote for a rival party. Thus, with regard to the mobilisation of insiders and outsiders, patterns of party competition explain whether social democratic parties are insider parties or try to integrate outsiders in their electoral coalitions. Finally, I contribute to the literature on the politics of dualisation by examining the electoral behaviour of insiders and outsiders cross-nationally.

Chapter 3: Are social democratic parties really insider-parties?

Social democratic electoral strategies in Western Europe

Introduction

A successful mobilisation of voters is crucial for any party, whether it aims to maximise votes, gain office, or implement policies (Strøm 1990). In this paper, I investigate the electoral strategies of social democratic parties in times of increasing inequalities among the electorate and hard times for the welfare state. Over the last decades, social and economic inequality has risen in Western Europe (OECD 2008, 2011). One of the reasons is the reduced capacity of the welfare state to correct market income inequalities, another the increased segmentation of the labour force into insiders with secure jobs and outsiders with an unstable attachment to the labour market (see Emmenegger et al. 2012b). This dualisation of the labour force entails a differentiation of economic interests among the social democratic electorate. Due to their unequal exposure to labour market risks, insiders and outsiders' interests differ with regards to social policies (Rueda 2005, Emmenegger 2009, Häusermann and Schwander 2011, Schwander and Häusermann 2012). In general, insiders benefit from a welfare state that protects the existing distribution of social and economic rights, while outsiders benefit from a redistribution of such rights (Häusermann and Schwander 2011). In the literature on the politics of dualisation, social democratic parties are portrayed as the representatives of insiders for historical and ideological reasons but also for the outsiders' weaker political organisation (Rueda 2006: 388, 2007: 12). In contrast to this literature, I argue that social democratic parties do not only represent the interests of their traditional core constituency. Rather, they try to mobilise a larger electoral coalition. Instead of exclusively promoting policies matching the interest of insiders, they campaign for policies that appeal to outsiders as well, while at the same time promising to provide the ground for economic prosperity.

Furthermore, I argue that the pattern of party competition affects the composition of the electoral coalition a social democratic party tries to mobilise. Social democratic parties are

confronted with a number of parties from the left and right that compete for their electorate. I argue that in order to prevent voters from giving their vote to competing parties, a social democratic party will focus its electoral campaign in particular on these voter.

To analyse the electoral strategies of social democratic parties, I focus on the socio-economic dimension of political competition, as the welfare state is one of the core issues for social democratic parties (Ross 2000, Kitschelt 2001, Green Pedersen 2002, Schumacher et al. 2012), and because it is on economic issues that insiders and outsiders differ. I examine statements of social democratic parties regarding insider-outsider relevant issues during the electoral campaigns in six West European countries between 2007 and 2010. This enables me to study the electoral strategies of social democratic parties in different competitive constellations. The analysis is based on a new database from a sentence-by-sentence coding of newspaper coverage of election campaigns. By analysing electoral strategies of social democratic parties, I address three strands of research: I combine the literature on the politics of dualization and research on party competition. I show that that social democratic parties are not only concerned about insiders but also about outsiders and that the competitive situation of the social democratic parties within the party system sets the incentives for the mobilisation of different electoral coalitions. Additionally, a vast literature has shown on the macro-level that a large welfare state does not need to be a redistributive welfare state (Esping-Andersen 1990, van Kersbergen 1995, Huber and Stephens 2001, van Kersbergen and Manow 2009), and that support for the welfare state is not to be equated with support for redistribution on the level of individual preferences (Moene and Wallerstein 2003, Fernández-Albertos and Manzano 2011). The article takes up the differentiation between the general welfare state and the different dimensions (or logics) of the welfare state with different distributive effects. The difference between support for the welfare state in general and the redistributive logic of the welfare state is particularly

pronounced in dualised societies where the welfare state does not redistribute income but preserves the status quo by providing insiders with social insurance policies (Fernández-Albertos and Manzano 2011). My main argument is that social democratic parties mobilise different segments of the electorate by emphasising distinct logics of the welfare state, each of which has different implications for particular segments of the social democratic electorate.

The article is organised as follows: I first outline four ways in which the welfare state can be adapted to post-industrial challenges, and discuss how the social democratic parties can use these welfare logics to mobilise the electorate. I then provide an argument that explains how the constellation of party competition sets the incentives to forge different electoral coalitions between low- and high-skilled insiders and/or low- and high-skilled outsiders. In the empirical section, I start by explaining in detail how the data was created before analysing the social democratic electoral strategies in Britain, Spain, France, Germany, the Netherlands and Switzerland. The final section discusses the results and their implications.

Welfare state reforms and the implications for the social democratic constituency

The welfare state, understood as a set of social policy and labour market institutions, has been under enormous pressure to adapt to the requirements of a post-industrial, efficient, and internationally competitive labour market with a flexible and high-skilled workforce. The structural changes of post-industrialisation and globalisation together, coupled with social and demographic changes, accentuated the trilemma between equality, employment and budgetary restraint of post-industrial economies (Wren and Iversen 1998), and has

resulted in the emergence of new social risks for large segments of the population (Bonoli 2006). Especially the conservative-corporatist welfare states are pressured to reform. Their strictly regulated labour markets, the resulting high non-wage labour costs and the reliance on the ‘male bread-winner’ model make them particularly ill-suited for the challenges of a post-industrial economy and society (Palier 2010b). Partly as a result of these and other reforms, partly as a result of socio-economic transformations, atypical employment has become widespread in Europe over the last decades (Emmenegger et al. 2012). While not all atypical employment is problematic per se, all sorts of atypical employment relations are a potential source of economic precariousness as post-war welfare states are built on the model of continuous employment that provides atypical employees with only incomplete protection against labour market risks. Consequently, the ever-growing share of outsiders working in insecure and atypical employment relationships while insiders are being shielded from fluctuations of labour demands by high employment protection leads to a dualisation of the labour market (Rueda 2007, Palier and Thelen 2010, Emmenegger et al. 2012b). Research on the implications of dualisation has not only shown that the atypically employed (outsiders) have lower earnings and lower access to vocational training and promotion than insiders (Häusermann and Schwander 2012b), but also different preferences regarding labour market policies (Rueda 2005, Burgoon and Dekker 2010, Schwander and Häusermann 2012)²⁶ and distributive policies in general (Häusermann and Schwander 2010, Häusermann and Walter 2010, Häusermann and Schwander 2011).

²⁶ While the above mentioned studies find divergent preferences of insiders and outsiders, Emmenegger (2009) and Barrows (2012) do not find such differences.

In the following section, I discuss four ways in which the welfare state can be adapted to the post-industrial challenges.²⁷ I argue that the institutional design of welfare states differs according to two criteria. The first criterion refers to *the stratification effect of the welfare state*, while the second criterion refers to the *timing of the state intervention*.

Regarding the first criterion, welfare states are either redistributive or are based on the equivalence principle, which has a stratifying and status-preserving effect. *Redistribution* means to re-allocate a property that was previously unequally allocated in the society. In a narrow sense, redistribution refers to the re-allocation of material resources from the affluent to the poor. In a broader sense, redistribution can also mean to re-allocate opportunities and possibilities. For example, a welfare state may not only redistribute income but also working opportunities by reducing the working hours or by creating new public jobs. As the redistribution of jobs leads to higher employment rates and higher revenues for the welfare state, it represents one of the possible ways to adapt the welfare state to a post-industrial society (see Häusermann 2010, who stresses the reliance of the Continental welfare states on high employment rates).

By contrast, the *equivalence principle*, which lies at the heart of the social insurance state, does not alter the existing distribution of rights and privileges but rewards differences in labour market performance. It preserves social stratification by insuring the actual holders against an eventual loss of their assets (Esping-Andersen 1990). Access to benefits is mainly based on work and contribution records, and benefits, mostly in cash, are paid as a proportion of earnings (Palier 2010b). Moreover, the social insurance state is characterised by strict employment protection that shield insiders from fluctuations in labour demands

²⁷ An earlier version of the argument about the welfare logics and its implications for high- and low-skilled insiders and outsiders, respectively, has first been made in a conference paper „*Explaining Welfare preferences in dualized societies*“, together with Silja Häusermann, presented at the 17th Conference of Europeanists in Montreal, Canada, April 14-17, 2010 and published as a working paper „*Who are the outsiders and what do they want? Explaining welfare preferences in dualized societies*“, Les Cahiers européens de Sciences Po, n° 01, Paris: Centre d'études européennes at Sciences Po, in 2011.

(Esping-Andersen 1990). One of the possible ways to achieve greater flexibility in labour markets is to flexibilise the labour market at its margins (Regini 2000) and to promote atypical employment forms which enjoy lower employment protection, while the privileges of the core workforce remain untouched. Often, atypical employment is not subject to social contributions and when it is, the expected benefits are much lower for atypical employed than for insiders who have complete contribution records (Ferrera 2005). I refer to this way to reform labour market and welfare state as the dualisation strategy.

The second differential criterion refers to the *timing of state intervention*. The state may either intervene ex-ante or ex-post the interaction between individual and labour market. This has consequences for the property to be redistributed. Depending on the timing of the state intervention, the welfare state either aims to establish equality of inputs or equality of outputs. If the welfare state redistributes ex-post, outcomes (for example income) are to be equalised. Both the redistribution and social insurance state seek to achieve this kind of equality. If the welfare state intervention takes place ex-ante the interaction between individual and labour market, however, it aims to equalise the inputs. In this case, the welfare state levels ‘the playing fields’ by providing equal opportunities for everyone (Roemer 2005). This is likely to happen if the state plays an active role in investing in the employability of individuals. Such a welfare state, called ‘enabling’ or ‘social investment’ state (Lister 2004, Palier 2006a, Morel, Palier and Palme 2011) focuses on policies of education, training and care services. The last possibility is that the state does not interfere in the interaction between individual and labour market. The distribution of both opportunities and outcomes are then untouched. Such a reform strategy would imply to cut back state responsibilities, deregulate the labour market and allow a greater influence of market mechanisms.

We may therefore distinguish welfare states whether the state intervention takes place ex-post the interaction between individual and labour market or not. Combining the two criteria results in a typology that distinguishes four different welfare logics: *Redistribution*, *social investment*, *social insurance* and *liberal welfare state*.

Table 1: Welfare state logics

		Stratification effect	
		Redistribution	Equivalence
Timing of state intervention	Ex-post	<i>Redistribution</i>	<i>Social Insurance</i>
	Not ex-post	<i>Social Investment</i>	<i>Liberal Welfare State</i>

The welfare state plays a major role in stratifying the society (Esping-Andersen 1993), and specific institutional arrangements are more favourable to some social groups than to others, depending on the welfare logic that lies underneath the design of the welfare state.

The implications of the welfare logics for the social democratic electorate differ according to *two cross-cutting conflict lines in the labour market*: Dualisation, denoting the insider-outsider divide, and human capital resources. The welfare logics have different impacts for insiders and outsiders due to their unequal positions in the labour market. At the same time, outsidership is not confined to low-skilled individuals but affects high-skilled individuals too (Polavieja 2005, Davidsson and Naczyk 2009, Schwander and Häusermann 2012). Due to the importance of skills for labour market prospects, being an outsider has not the same implications for low- and high-skilled individuals. I will discuss the implications of the reforms for these social groups (low-skilled outsiders, low-skilled insiders, high-skilled outsiders and high-skilled insiders) below. However, it is important to note that the welfare logics do not correspond one-to-one to the interests of the four groups. While it is true that a

specific institutional arrangement benefits some social groups more than others, individuals may find policies corresponding to more than one welfare logic beneficial.

In general, a welfare state that protects the existing distribution of social rights and economic opportunities lies in the interests of insiders, while outsiders benefit from a redistribution of social rights and economic opportunities. This holds especially for the social insurance state which was tailored to the needs of (male) industrial workers, their employers, and their unions (Thelen 2004, Häusermann 2010: 15). For example, the equivalence principle of the social insurance state benefits insiders who have full contribution records, while outsiders need compensation for their tenuous and discontinuous labour market attachment in form of redistributive policies. However, outsiders are not the only ones who benefit from redistribution. Low-skilled insiders may benefit from some of the redistributive policies too. For example, both low-skilled insiders and outsiders benefit from a subsidised lowering of the retirement age for low-income earners.

A similar argument applies for social investment policies. All policies that facilitate entry and integration in the labour market such as childcare policies, the right for part-time work, jobs for graduates, reduction of employment barriers etc. lie in the interests of high-skilled outsiders. They have the human capital resources to perform well on the labour market once they have the opportunities to make use of their resources. At the same time, low-skilled outsiders benefit from these policies as well, especially if the policies are coupled with in-work benefits such as tax breaks for low-pay jobs or minimum wages.

Low-skilled insiders benefit from a strong social insurance state, as it protects the existing distribution of employment opportunities and guarantees them a firm integration into the labour market by strong employment protection. Furthermore, their lower skill levels hinder them to purchase social protection on the private market. They therefore rely on a strong welfare state with entitlements based on contribution records. High-skilled insiders, by

contrast, dispose of both the human capital resources and the employment opportunities to achieve a high income through the labour market and to insure social risks privatively. Therefore, they do not need a strong welfare state (Häusermann and Schwander 2011).

Parties' electoral strategies

A political party has different goals: it wants to win votes, to be elected into office, and to implement policies (Müller and Strøm 1999, Green-Pedersen 2001b, 2002). Regardless of the hierarchy of these goals, winning a maximum number of votes is crucial: Parties need to win the support of the electorate to be elected into office. Also, for implementing their preferred policies, parties need to be either in government or electorally strong enough that the governing party takes up its demands in order to prevent a loss of voters to this party (Strøm 1990, Picot 2012).²⁸ Thus, a successful mobilisation of the electorate during electoral campaigns is decisive for every party. Electoral campaigns are based on different issues, generally on those issues the electorate regards the party as particularly competent to deal with (Petrocik 1996, Petrocik, Benoit and Hansen 2003). Social democratic parties are seen as 'welfare state' parties (Ross 2000, Green-Pedersen 2001a, 2002, Schumacher, Vis and van Kersbergen 2012) because they were first dedicated to expand and later to preserve the welfare state establishing a 'positive welfare image' (Schumacher et al 2012: 7f). In the terminology of the salience and issue ownership theory, social democratic parties 'own' the welfare state issue as the electorate expects them to fight hard for social security and social justice (Green-Pedersen 2002: 36). Consequently, the social democratic party benefits if welfare issues are salient during the electoral campaign (Bélanger and Meguid 2008). At the

²⁸ For example, the fear of the Italian socialist party (PSI), which was continuously losing votes to the Italian communist party (PCI) in the 1970s, of further electoral losses to the left enabled the PCI to push its demands of generous unemployment benefits for industrial workers through the parliament (Picot 2012: 110f).

same time, the social democratic party must combine social justice and effective governance of the economy to be electorally attractive (Green-Pedersen and van Keersbergen 2002). Depending on the way the social democratic party reforms the welfare state, it satisfies the interests of one or several social group(s) and is therefore likely to be elected by groups, since support for a party is strongly motivated by the hope that the party, once in government, will change or maintain a situation in favour or against the interests of this group (Petrocik 1996: 828).

My argument about the electoral strategies of social democratic parties has two parts: I first argue that social democratic parties need to mobilise an electoral coalition beyond low-skilled insiders. In order to do so, social democratic parties will emphasise the social investment logic of the welfare state. The second part of the argument deals with the composition of the electoral coalition the social democratic party intends to mobilise. I argue that the electoral coalition of the social democratic party varies between countries, depending on the party system. Thus, while the first part of my argument emphasises the similarities between social democratic electoral strategies, the second part focuses on differences due to different competitive constellations. The importance of party competition for social policy reforms has been stressed by several contributions to the literature of social policy and party politics (Green-Pedersen 2001b, Picot 2012). However, these contributions focus on the interplay between different parties (mostly between the Christian democratic and the social democratic parties) and on the implementation of policies during the legislative period, while I focus on the strategies of social democratic parties in the *electoral arena*.²⁹

²⁹ The argument about the importance of party competition for the social democratic electoral strategy regarding low-skilled and high-skilled insiders and outsiders has been originally made in the project application for the project „Who is in and how is out?“, funded by the Swiss National Science Foundation

The industrial working class (low-skilled insiders) is the traditional constituency of social democratic parties (Przeworski and Sprague 1986, Bartolini and Mair 1990, Bartolini 2000, Elff 2007). To mobilise the industrial working class, social democratic parties are therefore expected to emphasise the social insurance logic of the welfare state and pursue a strategy of dualisation (see Rueda 2005, 2007). However, social democratic parties must forge larger electoral alliances to gain office (Przeworski and Sprague 1986), especially since party alignments of workers to their traditional representatives are declining (Dalton and Wattenberg 2000, Dalton 2002) and the size of the industrial working class is decreasing due to de-industrialisation. The libertarian part of the middle class has become an important segment of the social democratic electorate (Kitschelt 1994, Kriesi 1998, Oesch 2006), and social democratic parties adjusted their electoral strategies to mobilise the middle class (Przeworski and Sprague 1986, Hopkin 2004). At the same time, the social democratic party is concerned not to lose the support of the working class, especially in proportional electoral systems, where extreme left or right populist parties present the working class with an alternative to the social democratic party. Thus, the social democratic party is confronted with the difficulty to reconcile economic preferences of the middle and working class segments of its electorate. Due to the fact that parts of its middle class constituency are especially affected by atypical employment (high-skilled women working part-time, young graduates in temporary jobs, etc.), the strategy of dualisation is not suitable for this purpose. Moreover, the social insurance state is seen as particularly ill-suited to deal with post-industrial realities of financial austerity, instable labour markets and demographic changes (Palier 2010), and to cover new social risks (Bonoli 2006, Häusermann 2010). Accordingly, the flexibilisation at the margins has led to high risks of poverty and social exclusion. I argue that the social investment logic opens up opportunities for the social democratic

(grant number 100017-131994/1). The project is conducted by Silja Häusermann, Thomas Kurer and Hanna Schwander. The data collection of this paper originates from this project as well.

electoral strategy. The social investment logic enables the party to offer middle class policies and support for the weakest members of the society at the same time. To offer support to low-skilled outsiders is important for three reasons: a) as parties of social justice, social democratic parties are ideologically committed to help the weakest members of society, b) support for the weakest members of the society corresponds to values of solidarity of the libertarian middle class (Oesch 2006, Kitschelt 1994, Kriesi 1998), c) as long as support for low-skilled outsiders promises to rise employment rates, it is important for the functioning of the welfare state in times of increased international competitiveness and public debts and allows to combine labour market flexibility with social justice in theory and practice. Hence, the social investment logic with its enabling and activation policies allows for a broad electoral coalition and at the same time is seen as a viable solution to reform the welfare state and to promote economic growth. Thus, I expect the social democratic party to emphasise most of all the social investment logic during its electoral campaign (H1).

However, to emphasise social investment is not sufficient for a successful mobilisation of the electorate. I argue that social democratic parties combine different welfare logics to mobilize a larger electoral coalition composed of several distributive groups. In times of blurring bonds between parties and voters (Dalton and Wattenberg 2000), parties find it increasingly hard to establish long-term commitments among the electorate, a challenge which is especially pronounced for those parts of the electorate that other parties aim to mobilise as well. Depending on the party system, the social democratic party is confronted with various competitors for its electorate, either for the low-skilled, the high-skilled, or both segments of its electorate. Because the contested segments are particularly at risk not to vote for the social democratic party, the party is compelled to focus on exactly these

segments and to address their concerns during the electoral campaign. Hence, it depends on the competitive constellation within the party system which segments of the electorate the social democratic party aims to mobilise. The party therefore combines different welfare logics and emphasises those logics that correspond to the interests of the electoral coalition it aims to mobilise. Thus, in contrast to Rueda (2006), my argument does not focus on the interests of the core constituency but on the contested segments of the social democratic electorate.

We can discern three different competitive constellations depending on the presence and type of competitor for the middle class and the working class electorate. In the following, I discuss how the implications of the different competitive constellations affect social democratic electoral strategies.

As a first competitive constellation, the social democratic party competes with the main party of the right to gain a plurality of the votes to be elected into office, but has no competitor for the low-skilled voters. The middle class is a highly contested electorate, as both the social democratic party and the main party of the right aim to mobilise these voters. Such a constellation is found in majoritarian systems. Competition for the middle class is further accentuated by the presence of a new left, green, or liberal party. In this case, the social democratic party is freed from the fear that the low-skilled electorate votes for another party but focuses on the middle class. Consequently, the social democratic party pursues a ‘middle-class strategy’ and combines the social investment logic with the liberal logic. This combination implies a reduction of the social minimum and pushes low-skilled outsiders to accept any jobs at the risk of remaining working poor or losing the job again. By contrast, it matches the interests of high-skilled outsiders, as it enables them to participate in the labour market and high-skilled insiders as it promises higher employment

rate, lower state responsibilities and lower public spending. It follows that in majoritarian countries where the social democratic party is confronted only with competitors for its high-skilled electorate, the social democratic party adapts a ‘middle class’-strategy and promotes social investment combined with liberal policies (H2a). With this strategy, the social democratic party aims to mobilise an electoral coalition of high-skilled insiders and high-skilled outsiders (H2b).

In a second possible constellation, the social democratic party faces competition for the low-skilled segments of its electorate by left or right populist parties. As the same time, the main right party tries to mobilise the middle class segment of the social democratic electorate. We find this constellation in mixed electoral systems (i.e. proportional systems with a two-round electoral process or proportional systems where the election districts are so large that the system has a similar effect as a majoritarian system). Several studies have shown that social democratic parties are more ‘working-classish’ if confronted with a rival for their low-skilled electorate (Rueda and Pontusson 2000, Hopkin 2004). The argument can be extended to the presence of a right populist party, because the working class represents today one of the electoral strongholds of right populist parties (Oesch 2008, Bornschier 2010). In this case, the social democratic party tries to mobilise the middle class but combines the social investment logic with redistributive policies for the low-skilled voters. The ‘outsider-strategy’ aims to achieve activation through the provision of good jobs for both low- and high-skilled individuals, through wages above the poverty line (for example a minimum wage) and upgrading of flexible or atypical work. Consequently, not only high-skilled outsiders, but also low-skilled outsiders benefit from social investment. Thus, if the social democratic party is confronted with a challenger for the low-skilled voters in a majoritarian system, it will pursue an ‘outsider-strategy’ and combines social

investment with the redistribution logic (H3a). The social democratic party will appeal to low-skilled and high-skilled outsiders (H3b).

The third competitive constellation includes rival parties for both the low- and high-skilled segments of the social democratic electorate. For example, in some proportional systems, we find a strong right populist party and a green party competing for the social democratic electorate. Or the left block is divided into a moderate left, a radical left and a green party. This is a challenging constellation for the social democratic party, as the party must fear for the electoral support of both the working and the middle class electorate. For example, the high-skilled segment of the social democratic electorate, the socio-cultural professionals, represents also the electoral base for green parties on grounds of their environmental, libertarian and pro-immigration attitudes (Dolezal 2010). Because young socio-cultural professionals are in many countries the exemplary type of high-skilled outsiders, especially in the case of women (see Schwander and Häusermann 2012), the social democratic party must address the economic concerns of high-skilled outsiders to mobilise this part of its electorate. The situation of the social democratic party is further complicated by the presence of a Christian democratic party. The Christian democratic party is a challenging rival as the party is (at least) co-responsible for the creation of a welfare state based on the principle of social insurance (Esping-Andersen 1990, van Kersbergen 1995, Huber and Stephens 2001, van Kersbergen and Manow 2009). As a response to the presence of a Christian democratic party, the social democratic party will emphasises the social insurance logic in addition to the redistribution and social investment logics. However, emphasising social insurance entails an electoral risk: The strategy jeopardises economic performance because the social insurance logic includes strict employment protection and high labour costs, which hamper job growth and, especially, the creation of low-paid jobs in the private

service sector (see Iversen and Wren 1998). However, the economic performance is of crucial importance for any government that wants to be re-elected (Powell and Whitten 1993, van der Brug et al. 2007, Duch and Stevenson 2008) and parties must appear capable of governing the economy efficiently (Green-Pedersen and van Keersbergen 2002). The social democratic party faces thus a trade-off between the need to protect the interests of low-skilled insiders and the need for a flexible and efficient organisation of the labour market that creates economic growth and reduces unemployment (see Kitschelt 2003, who discusses the trade-off between social protection and economic performance for the German parties from 1990-2002). Additionally, the strategy of dualisation risks to put off the middle class which is more concerned with economic prosperity and opening employment opportunities than with employment protection. Hence, the social democratic party will stress the social insurance logic only if it risks losing the low-skilled insiders otherwise. In this constellation, the social democratic party does not want to neglect one of its electoral segments and broadens the electoral appeal perusing an ‘encompassing strategy’. Hence, if confronted with a competitor for the low-skilled electorate, a competitor for the high-skilled electorate and a Christian democratic party, I expect the social democratic party to emphasise all three logics that are beneficial for its electorate: Redistribution, social investment, and social insurance (H4a). The social democratic party will appeal equally to low-skilled outsiders, low-skilled insiders, and high-skilled outsiders (H4b).

I examine the electoral strategies of the social democratic party³⁰ in six West European countries which allow analysing their electoral strategies in three competitive constellations. While the majoritarian system in Britain prevents a competitor of Labour at the margins of

³⁰ I use the expression social democratic party for the French Socialist party, the Spanish Socialist Workers’ party, the Dutch Labour party, the Swiss and German Social democratic party and the British Labour party.

the political spectrum, Labour faces the *Liberal Democrats* and the *Conservatives*, two rivals for the votes of the high-skilled (see Kriesi et al. 2008). By contrast, the Socialist party in France struggles with both left and right populist competitors for the votes of their low-skilled electorate: Several radical left parties such as *Lutte Ouvrière*, *Parti Communist* or *Ligue Révolutionnaire* compete with economic arguments for the working class (Sperber 2010) while the right populist party attracts voters through opposition to the cultural issues of globalisation, immigration and Europeanisation (Bornschieer 2010). The two round-majoritarian formula used in French national elections encourages voters to support parties with little chances of victory in the first round (Blais and Loewen 2009). Consequently, the system does not reduce the number of parties as strongly as pure majoritarian systems, but in the second round of the election the competition takes place between the main party of the left and the main party of the right (Bornschieer and Lachat 2009).³¹ Similarly, in Spain, the social democratic party must win the support of the middle class to constitute the government due to the large electoral districts. At the same time, a coalition of radical left parties, the *Izquierda Unida*, competes for the low-skilled voters under the leadership of the communist party. In Germany, the Christian democratic party is the main rival on the right, while the only competitor on the left was the green party until the mid 2000s. However, since the implementation of the reform project *Agenda 2010*, *Die Linke* emerged as a radical left competitor. We find the same constellation of competition for both the low- and high-skilled electorate in the Netherlands and in Switzerland.

Hence, I expect the British Labour party to pursue a 'middle class'-strategy. The French and Spanish Socialists are expected to follow an 'outsider'- strategy, while the social democratic parties in Germany, the Netherlands and Switzerland should follow an 'encompassing'-

³¹ A famous exception is the presidential election in 2002, where the candidate of the right populist Front National, Jean-Marie Le Pen, and the candidate of the right UMP, Jacques Chirac, reached the second round of the election.

strategy. Table 2 displays the competitive configurations, the resulting electoral strategies for the social democratic party and the country examples for each configuration.³²

Table 2: Competitive configurations, electoral strategies and country examples

Competition for low-skilled votes (left wing and right populist)			
		yes	no
Additional competition for high-skilled votes (new left, green or liberal)	yes	<i>H4: Encompassing strategy:</i> <i>Social investment, social insurance, redistribution</i>	<i>H2: Middle class strategy:</i> <i>Social investment, liberal logic</i>
		LSO, LSI, HSO	LSO, HSO, HSI
		Countries: DE, CH, NL	Country: Britain
	no	<i>H3: Outsider strategy:</i> <i>Social investment, redistribution</i>	
LSO, HSO			
		Countries: FR, ES	

Note: LSO = low-skilled outsiders, LSI = low-skilled insiders, HSO = high-skilled outsiders, HSI = high-skilled insiders.

Methods and data

To analyse the electoral strategies of social democratic parties we need parties' positions and salience regarding the issues that are relevant for insiders and outsiders, i.e. labour market regulation and social policies. A new dataset was generated by an extensive content analysis based on human coding of newspapers reports of electoral campaigns in each country in the context of a wider project. Data are based on the most important national elections. For France, data are based on the presidential election of 2007. For Switzerland, data are based on the parliamentary election of 2007, for Spain on the same election of 2008. Data for Germany are based on the parliamentary election of 2009 and for the

³² Because there is no two-party system in Europe, the lower right quadrant of Table 2 remains empty.

Netherlands and Britain, the data are based on the 2010 parliamentary elections. As database for the content analysis serve the quality newspaper and the tabloid with the highest prints runs.³³

Selected were all newspaper articles referring to labour market and social policies during the last two months of the electoral campaign. Included are all labour market related policies such as labour market regulation, minimum wage, active and passive labour market policies, unemployment schemes as well as policies about the reconciliation of work and family and old age pensions. All articles were coded sentence-by-sentence using a method developed by Kleinnijenhuis and Pennings (2001) and Kriesi and collaborators (Kriesi et al. 2008a, Kriesi et al. 2012). The following table shows the selected newspaper, the election year and the number of coded statements.

Table 3: Description of selected years, newspapers and number of statements

Country	Election year	Newspaper	Party	No. of coded statements
Britain	2010	The Times, The Sun	British Labour Party – Labour	212
Spain	2008	El Pais, 20 minutos	Partido Socialista Obrero Español – PSOE	126
France	2007	Le Monde, Le Parisien	Parti Socialiste – PSF	110
Germany	2009	Die Süddeutsche, Bild	Sozialdemokratische Partei – SPD	467
Netherlands	2010	Algemeen Dagblad, NRC Handelsblad	Partij van der Arbeid – PvdA	77
Switzerland	2007	Neue Züricher Zeitung, Blick	Sozialdemokratische Partei – SPS	132

I re-coded the statements according to two categories: welfare logics and interests of a distributive group. For this, I rely on a detailed coding scheme that distinguishes more than

³³ In the Netherlands, no genuine tabloid exists. We therefore selected a widespread tabloid-style newspaper (see Kriesi et al. 2012).

70 issues depending on the national social policy debate. Table 4 shows a few exemplary policies, an extensive overview can be found in appendix 1.

Table 4: Policies grouped by welfare logics and interests of distributive groups

Outsider			Insider	
Low-skilled	Redistribution: <i>Increase of minimum pension</i>	Social insurance: <i>No wage-dumping</i>	Redistribution: <i>Lowering of retirement age</i>	Social insurance: <i>Protect existing jobs</i>
	Social investment: <i>Job creation</i>	Liberal: <i>Reduction of unemployment benefits (-1)</i>	Social investment: <i>Vocational training</i>	Liberal: <i>Increase of retirement age (-1)</i>
High-skilled	Redistribution: <i>Higher pension benefits</i>	Social insurance: <i>Advanced training</i>	Redistribution: <i>Higher pension benefits</i>	Social insurance: <i>Equivalence principle</i>
	Social investment: <i>Policies to reconcile work and family</i>	Liberal: <i>Flexibilisation of labour market</i>	Social investment: <i>Subsidised private pension plans</i>	Liberal: <i>Expansion of private saving plans</i>

The first set of categories refers to the *welfare logics*. This classification helps us to discern the general welfare orientation of parties. In times when distributive conflicts are not only about more or less redistribution (Fernández-Albertos and Manzano 2011) and traditional lines between pro and contra welfare state parties have become blurred (Ross 2000, Kitschelt 2001), this insight is relevant for the literature on political parties and welfare state research alike. Statements that imply a distribution from ‘better-offs’ to ‘have-nots’ are attributed to the redistribution logic. Policies that reinforce the equivalence principle, protect existing jobs or preserve existing social rights belong to the social insurance logic. Social investment policies have an activating effect, i.e. they bring people to work, either by enhancing their employability or creating new employment opportunities. Policies implying a retrenchment of the welfare state or a strengthening of market mechanisms are ascribed to

the liberal logic of the welfare state. The statements are coded in a 0/1 way: a statement either fortifies a logic or is neutral in its effect.

The second set of categories refers to the *interests of a distributive group*. Each statement can either improve the situation of a specific distributive group or reduce an existing social right. Hence, the statements have a direction, which is measured by a three-point scale: 0 means a neutral, +1 a positive and -1 a negative relationship between the political actor and the distributive group. Obviously, policies have effects on more than one group, and for some policies one could argue that they are beneficial for all or most of all individuals. For example, improved childcare facilities benefit not only women but also their partners who can now count on a second income without having to reduce their working hours. Also, everyone wants the fight against unemployment to be won. However, most statements concern some groups more immediately than others and, from a rational-choice perspective, should matter more for them than for others. Hence, I code the distributive effects only for those group(s) whose situation is directly affected. Nevertheless, a statement can change the situation of more than one group directly. For example, to improve public or affordable childcare facilities is in the interest of both high- and low skilled outsiders, while a lowering of the retirement age is beneficial for low-skilled insiders and low-skilled outsiders. A statement can also address more than one welfare logic. The minimum wage, for example, has both a redistributive and activating effect: as the minimum wage is clearly aimed at reducing poverty and preventing a class of ‘working poor’, it is a redistributive benefit, but because the minimum wage benefits only those in employment, it has an activation effect, and therefore belongs to the social investment logic. It follows that one statement can generate more than one observation.

Policies that aim to enhance employment opportunities by creating new jobs, reducing working hours or providing policies to reconcile work and family such as external

childcare, all-day schools or the right for flexible work hours are in the interests of outsiders because women are disproportionately often outsiders (see Schwander and Häusermann 2012). Similarly, policies that increase the incentives to take up employment concern outsiders. For example, attempts to eliminate discrimination at work or closing the gender wage gap concern high-and low-skilled outsiders, while a minimum wage or tax breaks are in the interests of low-skilled outsiders. However, incentives to work can also be increased in a punitive way, for example by reducing social benefits or pushing unemployed to accept any jobs at the risk of that they remain working poor or lose the job again. Despite having an activating effect, these punitive workfare policies are not in the interests of outsiders. Therefore, I assign -1 for statements that aim to push outsiders to work by reducing social benefits.

Policies that protect existing jobs or flexibilise the labour market only at the margins match the interests of low-skilled insiders. I do not code these policies as favourable for high-skilled insiders as they are not threatened by the flexibilisation of labour markets due to their high levels of human capital. In the interests of high-skilled insiders are all policies that strengthen market mechanisms, for example the promotion of private old-age provision. However, if private pension provision is publicly subsidized, it matches not only the interests of high-skilled insiders but also of high-skilled outsiders: Due to their irregular contribution records, high-skilled outsiders are often punished by occupational, contribution-based pension systems, but the public, often flat-rate, pension is not in their favour either because of their higher earnings. Tax-supported private pension plans offer a possible solution.

The following sentence serves as a coding example: When asked why her party deserves the vote, Harriet Harman says “*Our Equality Act will protect women from discrimination at work.*” Harriet Harman is a member of the British Labour party. The sentence is therefore

attributed to the British Labour party. I attribute the sentence to the particular welfare logic(s) and to the distributive group(s) in whose interest (s) the proposal lays. The *Equality Act* will increase the incentives for women to work because they do not need to fear discrimination. All policies with an activating effect refer to the social investment logic. Therefore, I code +1 for the social investment logic and 0 for all other logics. Regarding the distributive groups, the statement clearly aims for enhancing the employability of women, regardless of skills. Because outsiders are over-proportionally female (see Schwander and Häusermann 2012), I code +1 for both low-skilled and high-skilled outsiders (see Table 5).

Table 5: Coding example

Liberal logic	0	Low-skilled outsider	1
Redistribution logic	0	Low-skilled insider	0
Social investment logic	1	High-skilled outsider	1
Social insurance logic	0	High-skilled insider	0

From this data, I construct indicators for the *salience of a welfare logic* and the *electoral orientation* of a party. The salience of a welfare logic is expressed by the relative frequency with which the party announces a position that refers to this logic. The electoral orientation is measured by the relative frequency by which the propositions intend to protect the interests of a distributive group.

Empirical analysis

I begin with showing why social investment is important for social democratic parties regardless of the competitive constellation. I then analyse differences in the social democratic electoral strategies in various competitive constellations.

Table 6 displays the salience of the four different welfare logics as percentages of statements that refers to a welfare logic. Due to the importance of social investment, the most important issues for this logic are listed separately as percentages of social investment statements.

Table 6: Salience of welfare logics for social democratic parties

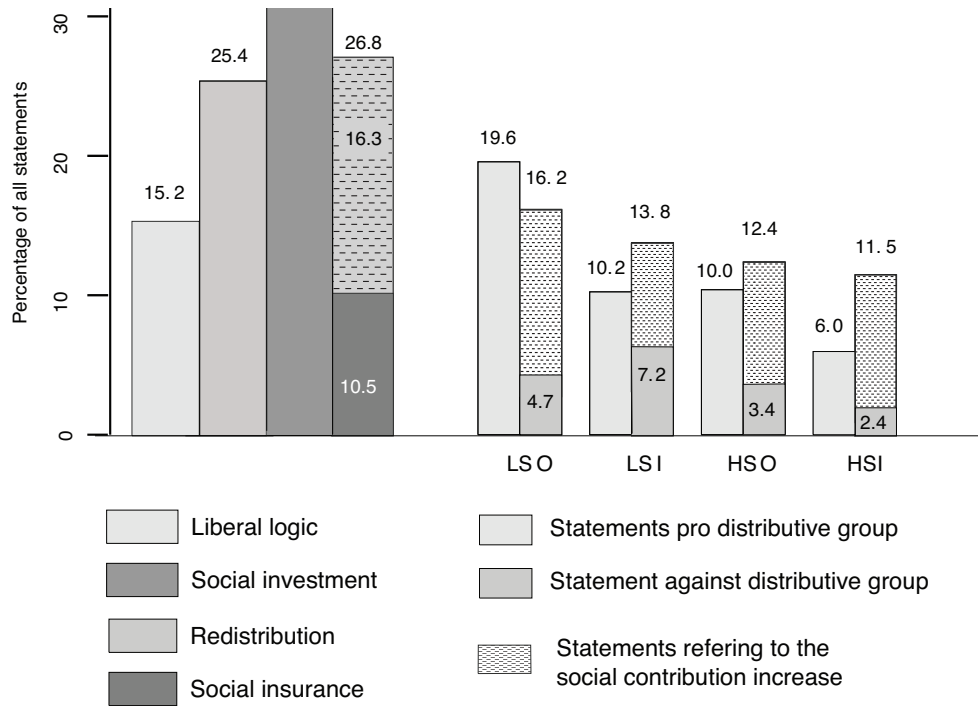
Logic	Britain	France	Spain	Germany	Netherlands	Switzerland
Liberal	15.1	8.6	3.0	12.0	13.3	4.3
Redistribution	25.4	36.7	39.3	26.1	25.3	26.8
Social investment	32.7	44.5	54.8	37.9	32.5	43.9
<i>Job creation as % of social investment</i>	14.0	21.1	13.5	17.2	18.5	-
<i>Minimum wage as % of social investment</i>	21.4	12.3	17.6	14.8	-	1.4
<i>Family-work reconciliation as % of social investment</i>	7.7	-	50.0	22.1	48.1	58.3
Social insurance	26.8	10.2	3.0	24.0	28.9	18.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table 6 shows that – as expected in the first hypothesis – the social investment logic is the most salient logic for the social democratic electoral strategy in all countries. One of the most important issues in Britain, Spain, France, Germany, and the Netherlands was the creation of jobs and job programs: Even without the numerous statements referring to unemployment as a pressing issue, between 13.5 percent (Spain) and 18.5 percent (the Netherlands) of all statements promised explicitly to create jobs. In Britain, Labour guaranteed (re-)training for all unemployed and promised to create high-skilled jobs and to increase work incentives for women: It supported an extension of parental leave and a right for flexible working hours. In France, jobs should be created especially for young unemployed (so called ‘springboard-jobs’) while the Spanish Socialists promised jobs for young adults and women. In Germany, the SPD’s campaign for new jobs and a better reconciliation of work and family through the provision of childcare and all-day schools explains the salience of the social investment logic. Considering the high share of female

outsiders in Germany and the low levels of public childcare provision, it makes sense for the SPD to link these two demands. In Switzerland and Spain, too, the social democratic party campaigned for affordable and high-quality childcare and an extension of paternity leave. In the Netherlands, the PvdA proposed retraining for redundant employees to fight unemployment and tax credits for low-paid jobs. The introduction or the increase of the minimum wage was another important social investment issue in Britain, Spain, France and Germany.

In addition to confirming the first hypothesis, Table 6 shows that the social investment logic is not the only salient logic but that social democratic parties employ various combinations of logics in their electoral campaigns. The second part of the analysis is dedicated to these differences.

In Britain, the *Liberal Democrats* and the *Conservatives* compete for the high-skilled segment of Labour's electorate, while Labour is the only representative of the working class. I therefore expect Labour to emphasise the liberal logic in addition to the social investment logic (H2a) and to pursue a middle class-strategy (H2b). Figure 1 presents the salience of the welfare logics and Labour's electoral orientation. As a statement can be in favour of or against the interests of a distributive group, the bars in light grey represent the share of statements in favour of a particular distributive group, while the bars in dark grey represent the share of statements against it.



Note: LSO = low-skilled outsiders, LSI = low-skilled insiders, HSO = high-skilled outsiders, HSI = high-skilled insiders

Figure 1: Salience of welfare state logics and Labour's electoral orientation

From Figure 1 we gain three insights: First, – and surprisingly – we see that the social insurance logic is highly salient in the electoral campaign. This is partly related to Labour's attempts to connect education with firm-internal training and its aim to re-establish the link between earnings and pension benefits. But around two-third of all social insurance proposals go back to the need to increase national insurance contributions. Financing the welfare state through social contributions lies at the heart of the social insurance state (Palier 2010a). To raise social contributions to finance social benefits means therefore to re-enforce the social insurance logic. However, in the case of rising national insurance contributions, the strengthening of the social insurance logic has a retrenching effect for all distributive groups, because it means lower net incomes and higher non-wage labour costs. As the governing party, Labour was responsible for the increase of social contributions and did not deny any plans to do so. Because of the retrenching effect of the contribution

increase and its importance during the electoral campaign, I highlight the share of statements referring to it in Figure 1. If we exclude these statements, social insurance is much less salient (10.4 percent). As these social insurance statements have a retrenching effect, they could also be added to the liberal logic. This would increase the share of liberal statements to 31.5 percent, rendering the liberal logic as salient as social investment. Even without, the liberal logic – and this is the second important finding – is significantly more salient in Britain than in any other country, accounting for 15.2 percent of all statements.³⁴ H2a is thus confirmed.

Furthermore, we find a high share of negative statements on the right side of Figure 1, which adds to the impression that cutting back the state and reducing its responsibilities were important in the electoral campaign of Labour. Contributing to the high share of negative statements and the salience of the liberal logic are Labour's proposal to dismiss the statutory retirement age or its promises to get tough on unemployed. We also see that Labour aimed to reduce the rights of low-skilled outsiders more than any other social democratic party.³⁵ However, it would be misleading to argue that Labour pursues a logic of deregulation and retrenchment only given the high share of statements aiming to improve the situation of low-skilled outsiders and the overall salience of the redistribution logic. This is the third insight of Figure 1. Almost 20 percent of Labour's social policy propositions matched the interests of low-skilled outsiders. Labour proposed to increase the minimum wage and to introduce tax credits to supplement low wages. Labour also pledged to tackle unemployment, especially youth unemployment, for example by guaranteeing a

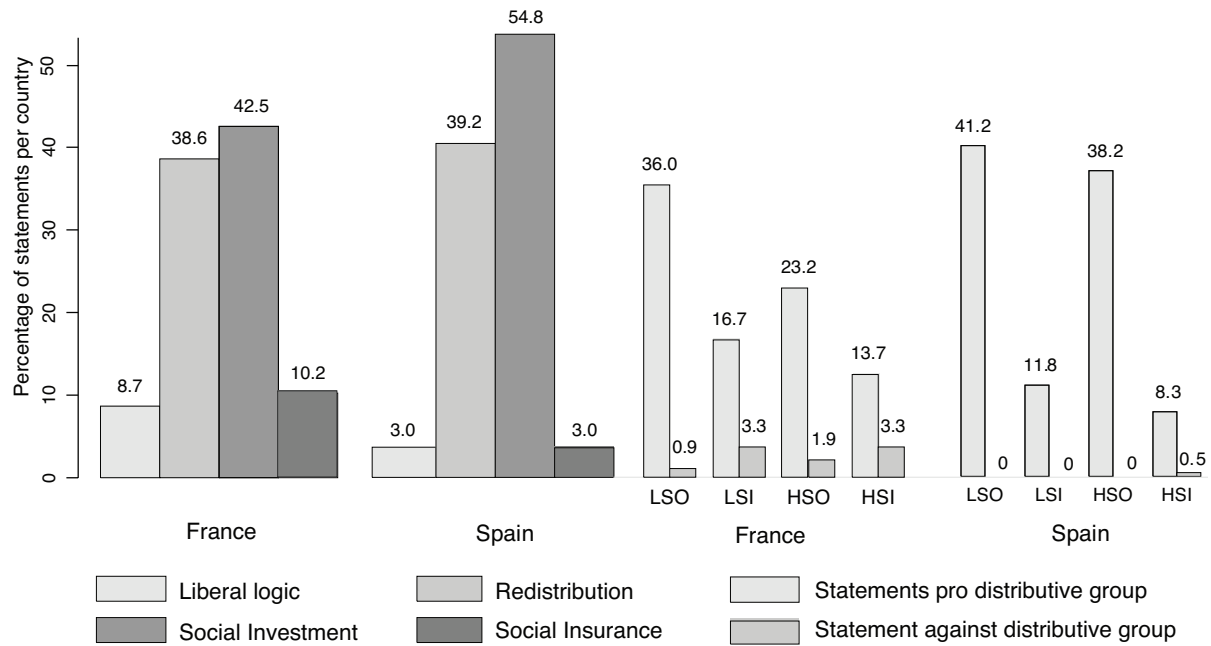
³⁴ As a robustness test, I compared the pattern from 2010 with the pattern in 2005, when the social contribution hike was not an important issue. In 2005, the liberal logic accounts for 17 percent of all social policy statements and has thus the same importance as in 2010 if we exclude the statements referring to the social contribution hike. Moreover, the social investment logic was also the most salient logic in 2005 accounting for almost 40 percent of all statements. Further, t-tests indicate significant differences between the salience of the liberal logic in Britain and each other country at the $p < 0.01$ (exception: NL: $p < 0.05$).

³⁵ T-tests indicate significant differences at the $p < 0.01$ between the share of negative statements for low-skilled outsiders in Britain and each other country.

job or a training program to young unemployed, policies that all follow the social investment logic.

In line with the expectation, Labour follows a middle-class strategy aimed to mobilise both high-skilled insiders and outsiders. By contrast, Labour addressed the interests of low-skilled outsiders stronger than expected, which – I would argue – is an unintentional side effect of its middle-class strategy. Activation is mainly promoted to satisfy the middle class, which has an economic but also a moral interest in activation as support for the weakest members of the society corresponds to the values of solidarity of the libertarian part of the middle class (Oesch 2006, Kitschelt 1994, Kriesi 1998). Nevertheless, and despite the fact that activation is coupled with liberal instead of redistributive policies, low-skilled outsiders benefit from the activation policies. H2b is thus only partly confirmed.

According to the third hypothesis, the social democratic parties in France and Spain should follow an ‘outsider’-strategy. Their policy proposals should emphasise the redistribution logic in addition to the social investment logic and correspond to the interests of low- and high-skilled outsiders. The left side of Figure 2 displays the salience of the welfare logics while the right side shows how the propositions correspond to the interests of the distributive groups in France and Spain.

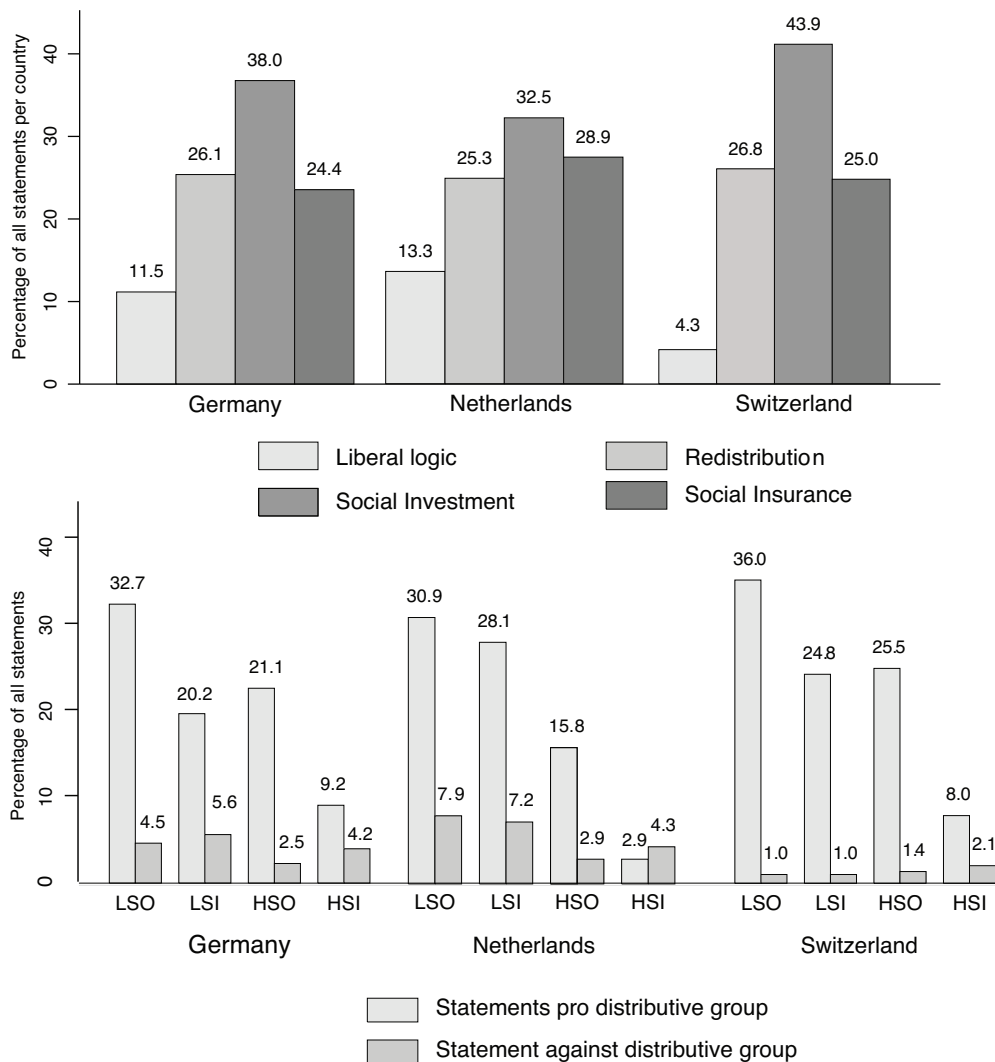


Note: LSO = low-skilled outsiders, LSI = low-skilled insiders, HSO = high-skilled outsiders, HSI = high-skilled insiders

Figure 2: Salience of welfare state logics and electoral orientation of social democratic parties in France and Spain

From Figure 2 we see that the redistribution logic is the second most important logic in France and Spain – a finding supportive of H3a. The importance of the minimum wage contributed to the salience of both logics as the minimum wage has both a redistributive and social investment aspect. It also explains the high share of statements matching the interests of low-skilled outsiders. A second important topic concerned lifting of pension benefits above poverty levels, especially for individuals with low contribution records. This matters for low-skilled insiders and outsiders but a promised increase of all pension benefits in Spain is relevant for high-skilled outsiders too. Moreover, policies to reconcile work and family and promises to create new jobs contribute to the relatively high share of statements in the high-skilled outsiders' interests in Spain as expected in hypothesis 3b. Figure 2 confirms that the social democratic party in France and Spain tried to mobilise low-and high-skilled outsiders, thus following an 'outsider'-strategy.

For the last constellation with competition for the entire social democratic electorate, I analyse the social democratic strategy in Germany, the Netherlands, and Switzerland. According to hypothesis 4, its campaign should try to mobilise all segments of its electorate following an ‘encompassing strategy’. Figure 3 shows the salience of the welfare logics in the upper half of the figure and the electoral orientation of social democratic parties in the lower half.



Note: LSO = low-skilled outsiders, LSI = low-skilled insiders, HSO = high-skilled outsiders, HSI = high-skilled insiders

Figure 3: Salience of welfare state logics and electoral orientation of social democratic parties in Germany, the Netherlands and Switzerland

Figure 3 reveals two important findings. First, as expected, the social democratic parties emphasise social insurance and redistribution in addition to social investment. In all three countries, the social democratic position in the pension debate contributed to the salience of the redistribution logic. In the Netherlands, for instance, the PvdA fiercely defended the level of the state pension *AOW* (*algemeene ouderdomswet*), which is a flat-rate benefit and in its effect highly redistributive, benefiting both low-skilled insiders and outsiders.

Similarly, the Swiss social democratic party proposed to increase benefit levels of the redistributive, public first pillar (*Alters- und Hinterbliebenenversicherung*) and argued for a subsidised flexibilisation of the retirement age for low-income earners. In Germany, the minimum wage was an important topic with regard to the redistribution logic.

The Swiss pension debate also added to the salience of the social insurance logic as the SPS defended the levels of the contribution-based, occupational second pillar of the Swiss multi-pillar pension system. But more important in this regard is the SPS's campaign for more apprenticeship positions. Despite the fact that youth unemployment is comparatively low in Switzerland (3.3 percent in 2007), unemployment among young adults between 15-24 years was higher than the national average of 2.8 percent (Seco 2008). An early integration in the labour market via the dual vocational training system is regarded as crucial for economic success in Switzerland. Youth unemployment is therefore highly salient and coupled with a demand for more apprenticeship positions. To achieve this, the SPS argued for a 'fund for apprenticeships' (*Bildungsfond*) which would reimburse commendable companies for their training efforts. More apprenticeship positions help young adults to gain a firm position in the labour market regardless of their risk for atypical employment and correspond therefore to the interests of both low-skilled insiders and outsiders.

In the Netherlands, in addition to the activation policies previously discussed, the PvdA stood for strong employment protection and refused a further reduction of the earning-

related unemployment benefit (*werkloosheidswet uitkering*). These passive labour market policy proposals add to the salience of the social insurance logic and suit the needs of low-skilled insiders. In Germany, the elections were held in the midst of the economic crisis that followed the financial crisis of 2008. Consequently, the SPD promoted short-time work and promised stimulus programmes to save jobs, especially jobs from car manufacturer Opel. These measures to protect existing jobs correspond to the social insurance logic and most of all the interests of low-skilled insiders. The stimulus package entailed also the creation of jobs, a social investment component benefiting outsiders. Another important social insurance issue was the guarantee that existing pension benefits would never be shortened (*Rentengarantie*), what benefits insiders most of all because of their full contribution records.

As a second important point, the importance of the social investment logic means that the policy proposals of the social democratic parties matter to high-skilled outsiders, albeit to a lesser extent in the Netherlands than in Germany and Switzerland. The discussion of the individual topics and the right side of Figure 3 show that the social democratic party intends to mobilise a broad electoral coalition of low-skilled insiders as well as low- and high-skilled outsiders. One qualification must be made: the SPD does not focus as strongly on low-skilled insiders as the PvdA and the SPS, which may be a remnant from the Agenda 2010.³⁶ Nevertheless, I interpret these findings as supportive for H4b.

³⁶ This shows in the lower share of statements in favour of low-skilled insiders in Germany compared to the share of statements in the Netherlands and Switzerland. Furthermore, the shares of pro low-skilled insider-statements do not significantly differ between the encompassing countries and the outsider-countries. because France has a slightly higher share of pro low-skilled insider statements than expected due to its campaign for higher pension benefits for low-income earners and the retirement age 60 which were in the interests of low-skilled outsiders but benefit also low-skilled insiders.

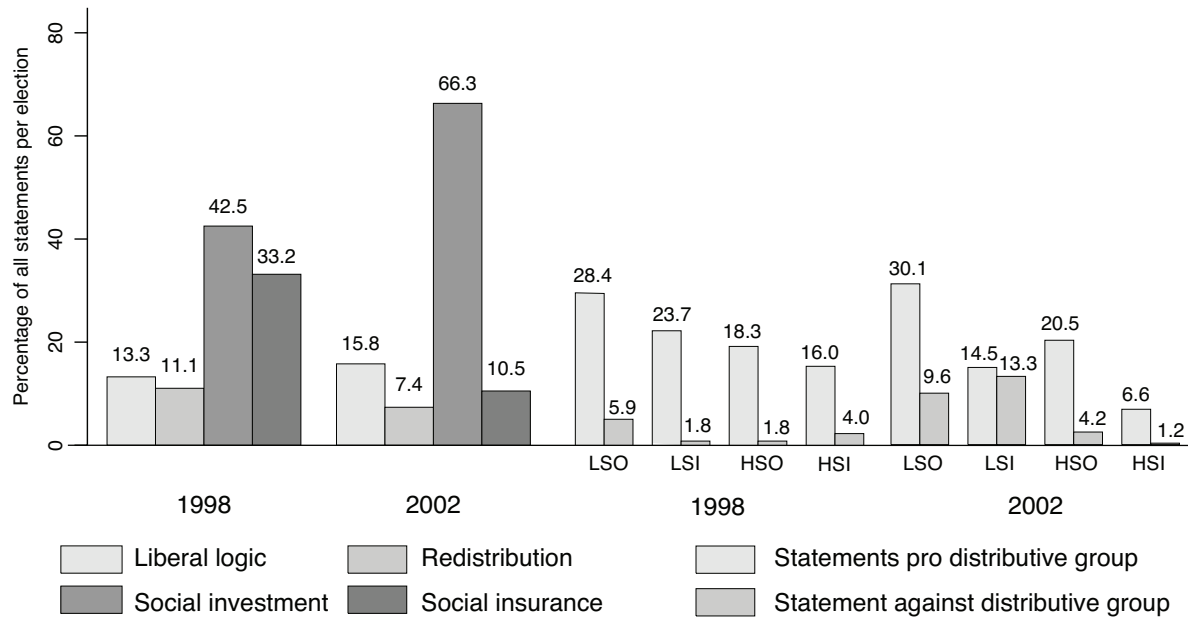
Discussion and conclusion

This paper has examined the electoral strategies of social democratic parties in the context of labour market dualisation. I have argued that party competition matters for the electoral strategy of social democratic parties. The presence of one or several competitors for specific segments of its electorate compels the party to focus on those segments and to address the concerns of this contested electorate. Let me summarise the most important findings before discussing implications and alternative explanations of my findings. The analysis of the social policy proposals during the electoral campaigns in six West European countries has shown that social democratic parties do not only represent insiders but aim to mobilise a larger electoral coalition and that outsiders may be part of the electoral coalition too. Instead of defending the interests of insiders on any account, they rather promote a welfare state based on the social investment logic. This allows for a large electoral coalition between insiders and outsiders, since the social investment logic is seen as viable option to combine an efficient labour market with social justice.

The second point of this article is that the electoral focus of social democratic parties depends on the competitive constellation within the party system. In Britain, Labour emphasised social insurance policies next to the social investment logic. However, since most of the social insurance statements had a retrenching and not a protecting effect, they add to the importance of the liberal logic and confirm the expectation that Labour follows a middle class-strategy of mobilising the high-skilled segments of its electorate. In France and Spain, the social democratic party follows an outsider-strategy promoting social investment and redistributive policies and appealing to both low- and high-skilled outsiders. In Germany, the Netherlands and Switzerland, the social democratic party pursues an encompassing electoral strategy. They broaden their electoral appeal by emphasising

redistribution, social investment and social insurance. Their proposals thus address low-skilled insiders, low-skilled outsiders and high-skilled outsiders.

However, I have analysed the social democratic electoral strategies in different competitive constellations without observing the direct effect of my explanatory variable, party competition, what renders causal claims difficult. Fortunately, the German party constellation changed in the 2000s when a new party left from the social democrats established itself in the party system. This enables us to compare the electoral strategies of the SPD before and after the emergence of the new competitor. Before 2005, the SPD faced competition for its high-skilled electorate by the green party. But the presence of a strong Christian democratic party with its stance as a co-founder of the social insurance based welfare state implies a higher salience of the social insurance logic. Hence, I expect the SPD to first promote social investment to mobilise high-skilled outsiders, followed by the social insurance logic due to the competition with the Christian democratic party.



Note: LSO = low-skilled outsiders, LSI = low-skilled insiders, HSO = high-skilled outsiders, HSI = high-skilled insiders.

Figure 4: Salience of welfare state logics and electoral orientation of social democratic parties in Germany, 1998 and 2002

Figure 4 shows the electoral strategies of the SPD in 1998 and 2002. The results indicate a clear break in the electoral strategies of 1998 and 2002 compared to 2009 (see Figure 3). In 1998, the social democratic party promoted first social investment, followed by the social insurance logic. The social investment logic was dominated by the discussion of how to reconcile work and family. Topics were the introduction of flexible working hours and all-day schools (28.2 percent of all social investment statements), the *Kombi-Lohn* (a wage subsidy for low-skilled jobs for unemployed, 14.3 percent), and the guarantee for apprenticeship positions for youngsters (10.2 percent). Further, the SPD promised to undo the social policy reforms of the Christian democratic-liberal coalition which has reduced employment protection, pension benefits and replacement rates for sickness benefits in the previous legislative period. Almost 2/3 of the social insurance statements promised to undo these reforms.

In 2002, the programmatic idea of the Agenda 2010 was already approaching: social insurance was abandoned and the social democratic party focused almost exclusively on social investment, especially on the recently published proposals of the *Hartz* commission. 30 percent of its social policy statements endorsed or defended what later would be known as the *Hartz* laws. The abandonment of the social insurance logic appears also in the high share of negative statements towards low-skilled insiders (13.3 percent of all social policy statements). Between 2002 and 2009 the competitive constellation changed: As a reaction to the reforms that were enacted in the ensuing legislation by the red-green government, the left competitor *Die Linke* came into existence through the fusion of the *WASG* (*Arbeit und soziale Gerechtigkeit – die Wahlalternative*), which had been formed by disappointed SPD and union members and the East-German ex-communist PDS (*Partei des Demokratischen Sozialismus*). Indeed, in West Germany, 40 percent of voters for *Die Linke* have voted for the social democrats in the previous election (Schoen and Falter 2005: 37). As a reaction to the new left competitor, the SPD changed its electoral strategy to the encompassing approach we have seen in Figure 3.

In addition to the changed party constellation, a different understanding of the state's role in the economy acerbates differences between Spain and France on the one hand and Britain on the other. In liberal Britain, the state is a 'laissez faire' state that sets only the rules for the interactions between market players (Schmidt 2009). Consequently, the idea of liberalisation and deregulation is more popular among the middle class in these countries than in countries where the state is a powerful actor in the economy. In these 'state-led' economies (Royo 2008, Schmidt 2009), the idea of a powerful state intervening in the economy is common not only in the left discourse but also in the right discourse (Schmidt 2009). Consequently, the idea of dismantling the state is less popular among the middle

class in France and Spain and the social democratic party is more cautious to push for liberalisation than in liberal countries.

I have shown that parties base their electoral campaigns on different welfare logics to mobilise a large electoral coalition. The paper takes up the differentiation between the general welfare state and its various distributive dimensions (or logics). In times where labour market and welfare state reforms imply different distributive implications for social groups and social democratic governments are responsive for many of these reforms, this insight is relevant for the literature on political representation. It is also relevant for the research on political parties which often treats parties as either pro or contra welfare parties. The article provides further insights for the research on political parties and party competition. In contrast to most of the literature about partisan effects on the welfare state, which equates the position of a party with the position of its core constituency, I argue that we should not merely focus on preferences and interests of a party's core constituency. Rather, we need to consider the preferences and interests of contested segments of the electorate, since these voters are 'at risk' to vote for a rival party. Thus, with regards to the mobilisation of insiders and outsiders, patterns of party competition explain whether social democratic parties are insider parties or try to integrate outsiders in their electoral coalitions, a finding that contributes to the debate about the role of social democracy in shaping dualisation.

My findings are clearly at odds with some of the findings in the literature on the link between social democracy and dualisation, most prominently with Rueda's argument that social democratic governments promote insider- instead of outsider-policies (see Rueda 2006, 2007). For example, he shows that the Spanish and Dutch social democratic

governments retained strict employment protection for standard employment when confronted with unemployment and slowing economic growth between 1970 and 2000, and associates Labour's return to power in the mid 1990s with avowedly 'timid attempts to promote insiders [employment] protection' (Rueda 2007: 105). Indeed, Spain is considered as one of the most dualised countries (Fernández-Albertos and Manzano 2011, Häusermann et al. forthcoming). How can we explain these different findings regarding the insider-orientation of social democracy? One of the reasons lies in the analytical focus of the two studies. Rueda examines the policies of social democratic governments because he wants to show how social democratic parties actually promoted dualisation in office. He also takes into account the role of unions as representative of insiders. By contrast, I am interested in parties' responses to dualisation in the electoral arena. Furthermore, if we are interested in whether dualisation is a politically relevant conflict line, the analysis of electoral campaigns enables us to study the link between parties and voter groups more directly, as parties are forced to express their positions in a short time (Kriesi et al. 2008: 55) and voters evaluate parties based on the electoral campaigns (Lachat 2010).

A second reason lies in the analysed time period. In contrast to Rueda, who covers the period between 1970 and 2000, I analyse the late 2000s. By that time, the strategy of dualisation is seen less suited to deal with unemployment, but is itself seen as problematic, as high entry barriers hinder the creation of jobs. Thus, the need to integrate less productive segments of the labour force in the labour market has become widely acknowledged by social democratic parties (Bonoli and Powell 2004). Additionally, the share of outsiders has been growing over the past decades as the job growth in the EU has been driven largely by atypical employment (Plougmann 2003, OECD 2006, 2010). As a consequence, targeting outsiders becomes more attractive for social democratic parties.

Appendix

Appendix 1 – Extensive coding scheme for the classification of statements into welfare logics and interests of distributive groups

Policy	Welfare logic	LSO	LSI	HSO	HSI
<i>Labour market policies</i>					
Maintaining or increasing employment protection	Social insurance		+		
Protect existing jobs	Social insurance		+		
Wage increase	Social insurance		+		+
Performance based pay	Social insurance, liberal logic		+		+
Active labour market policies	Social investment	+		+	
Job creation, job creating programs	Social investment	+		+	
Redistribution of work, reduction of the working week without salary compensation	Social investment			+	
Upgrading of flexible employment	Social investment	+		+	
Vocational training	Social investment	+	+		
Policies against (gender) labour market discrimination or the gender wage gap	Social investment	+		+	
Policies to ingrate the elderly in the labour market	Social investment	+		+	
Fight against unemployment	Social investment	+		+	
DE: Introduction or defence of Agenda 2010	Social investment	+	-	+	
Increase of benefit or duration of ALG I	Social insurance		+		+
Increase of ALG II	Redistribution	+			
Fight against youth unemployment	Social investment	+		ES & FR: +	
Flexibilisation and deregulation of labour market	Social investment, liberal logic			+	
Reduce labour costs, reduction of social contributions	Social investment, liberal logic	+	+	+	+
Reduction of unemployment benefit to increase incentives to work	Social investment, liberal logic	-		-	
Higher pressure on unemployed to accept jobs	Social investment, liberal logic	-		-	
Introduction or increase of minimum wage	Social investment, redistribution	+			
Reduction of the working week with salary compensation (FR: 35h working week)	Social investment, redistribution		-	+	
FR: tax relief for overtime	Social insurance		+		+
Advanced training	Social investment, social insurance		+	+	+
Stimulus packages	Social investment, social insurance	+	+	+	
Support for small and middle enterprises	Liberal logic				+

The electoral strategies of social democratic parties

Pensions

Subsidised lowering of the retirement age	Redistribution	+	+		
Increase of minimum pension	Redistribution	+			
Increase of pension benefit, pension benefit guarantee (DE: “Rentengarantie”)	Redistribution	+	+	+	+
Expansion of state, flat rate pension pillar	Redistribution	+	+		
Flexibilisation of retirement	Social investment			+	+
Subsidized private pension saving plans	Social investment			+	+
Education credits for pension system	Social investment	+		+	
Part-time retirement with mandatory replacement by younger employee	Social investment	+	+	+	+
Lowering of the retirement age	Social insurance		+		
Expansion of occupational pension pillar	Social insurance		+	+	+
Against increase of the retirement age	Redistribution, social insurance	+	+		
Increase of retirement age, abandoning of statutory retirement age	Liberal logic	-	-		
Extension of private old age provision	Liberal logic	-	-		
Lowering of benefits for pensioners	Liberal logic	-	-	-	-

Social contributions and benefits

Increase of social contributions	Social insurance	-	-	-	-
Contribution-dependent benefits	Social insurance	-	+		+
Needs-based benefits	Redistribution	+			
Lowering of benefits	Liberal logic	-	-		
Promotion of equivalence principle	Social insurance		+		+
Tighter eligibility criteria for social benefits	Social insurance, liberal logic		+		+
Inclusion of all employment forms in social insurance scheme	Social investment, social insurance	+	+	+	+

Policies to reconcile work and family

Policies to reconcile work and family	Social investment	+		+	
Right for flexible work hours, right for part-time when working full-time or full-time when working part-time	Social investment	+		+	
Expansion of paid maternity or paternity leave	Social investment	+		+	
Expansion of affordable, high-quality childcare, all-day schools, kindergartens	Social investment	+		+	
Free childcare, kindergartens	Social investment, redistribution	+		+	

State responsibility

Retrenchment of welfare state or state responsibilities	Liberal logic	-		-	+
Business-friendly policies	Liberal logic				+

Note: LSO = low-skilled outsiders, LSI = low-skilled insiders, HSO = high-skilled outsiders, HSI = high-skilled insiders.

Chapter 4: The politics of dualisation: The electoral behaviour of insiders and outsiders in Germany, France and Britain

Introduction

The financial crisis starting in 2008 and the following international debt crisis plunged Europe into a deep economic recession. This economic downturn was accompanied by rising unemployment levels and reinforced the deep divide between insiders, who are firmly integrated in the labour market and whose secure jobs protect them from most of the consequences of the economic downturn, and outsiders with only weak labour market attachment. But even before the crisis shifted the attention of the media to those ‘*indignados*’, women, young and low-skilled individuals have found it increasingly hard to compete in the labour market and struggled between spells of temporary work, unemployment, or part-time work (Oesch 2006, Esping-Andersen 2009, Chauvel 2009). The divide of the workforce in insiders holding secure positions in the labour market and outsiders with only weak labour market attachment is a trend that we have observed in advanced industrial societies since the 1980s. After a decline in social and economic inequality until the 1970s, inequality began to rise again (OECD 2008, 2011, Kenworthy 2008) when labour markets were flexibilised in order to meet increasing demands for a flexible workforce and when social policies lost part of their redistributive capacity (Emmenegger et al. 2012: 8-9). Additionally, most of the job growth in the European Union was due to atypical forms of unemployment, mostly part-time and temporary work (Plougman 2003) which are characterised by higher job insecurity (Burgoon and Dekker 2010) and lower social rights in Europe’s social insurance welfare states.

Causes and consequences of the rising inequality and dualisation of both labour markets and welfare states have been key topics in the social policy and social inequality literature. Only recently, a literature about the political implications of dualisation emerged. This literature

of the ‘politics of dualisation’ focuses mainly on diverging preferences of insiders and outsiders for labour market policies, social protection and distributive policies (Rueda 2005, 2007, Emmenegger 2009, Burgoon and Dekker 2010, Häusermann and Schwander 2011, Schwander and Häusermann 2012). The related question whether the divergent preferences of insiders and outsiders result in different electoral behaviour remains, however, largely unexplored. Only a few studies address the electoral behaviour of insiders and outsiders (Rueda 2005, King and Rueda 2008, Lindvall and Rueda 2012). Moreover, with the exception of Lindvall and Rueda (2012), who analyse the electoral behaviour of insiders and outsiders in Sweden, none of them addresses the question empirically.

The present article is thus the first empirical study to examine the electoral behaviour of insiders and outsiders in a comparative and systematic perspective drawing on data from the Comparative Study of Electoral Systems (CSES). I focus on the electoral consequences of dualisation in Germany, France and Britain. The country selection is motivated by the differences with respect to the supply side of political competition. Germany, France and Britain represent different party systems, where the main left party is confronted with different numbers of challengers which influences the electoral behaviour of insiders and outsiders by offering them different voting opportunities. The countries vary also regarding the second explanatory factor: In Germany and Britain, the social democrats campaign as incumbent party, whereas, in France, the Socialists compete as opposition party. For incumbent parties, the need to combine social protection and economic prosperity in practise is much more pressing than for opposition parties as the electorate will hold them accountable for their actions of the last legislative period (Green-Pedersen and van Keersbergen 2002, Kitschelt 2003). Additionally, a substantial share of the workforce in these countries is confronted with a high risk of atypical employment and unemployment in the three countries. Britain has traditionally a liberal, flexible labour market where atypical

employment and unemployment are widespread (Tomlinson and Walker 2012). In France and Germany, the demand for a flexible workforce was met by an increasing dualisation of the workforce in well protected insiders and flexible outsiders (Palier and Thelen 2010). Hence, these countries have experienced a massive rise in inequality in the last decades or are traditionally characterised by sharp social and economic inequalities (OECD 2008, 2011, Tomlinson and Walker 2012).

The present article shares the special focus that social democratic parties enjoy in the literature on the politics of dualisation: As the main representative of the working class, it is the electorate of the social democratic party that is divided into outsiders and insiders. Moreover, the role that social democratic parties have played in shaping dualisation is, however, far from clear. It has both been argued that social democratic parties foster dualisation by defending the interests of insiders (Rueda 2007) and that social democracy attenuates dualisation with universalistic and redistributive policies (Palier and Thelen 2010, Pontusson 2011, Häusermann and Schwander 2012). Furthermore, the social democrats were decisive for welfare state and labour market reforms in many European countries that reduced privileges of insiders. Since this should have disappointed many insiders and at the same time lead to more support among outsiders, the decisive role of the social democratic parties in these reforms makes the question which group supports the social democrats electorally particularly relevant.

The analysis reveals that the electoral consequences of dualisation varies from country to country. In Britain, outsiders have a higher likelihood not to participate in politics than insiders. In France and Germany, the voting probabilities of insiders and outsiders do not differ, but their party preferences do. In Germany, outsiders are more inclined to vote for the social democratic party than insiders. By contrast, in France, insiders and outsiders are

equally likely to support the French Socialist party. I explain this with the incumbency status of the French Socialist party that enables it to mobilise both insiders and outsiders by promising favourable policies to both groups. Conversely, outsiders are more likely to support one of the left challengers of the Socialists. As a robustness test, I control for the selection bias caused by the lower probabilities of certain electoral groups to participate in the electoral process and demonstrate that the results are consistent with the findings mentioned before. In doing so, the article contributes to the literature on the politics of dualisation and to the literature of electoral behaviour.

The article is organised as follows: I first develop the theoretical argument why the electoral behaviour of insiders and outsiders differs across the three countries. In the empirical section, I present data and operationalisations and explain why we need to consider a selection bias in the analysis of party preferences. I analyse whether outsiders are less likely to participate in politics than insiders before exploring their party preferences once they decided to participate. As a robustness test, I correct for the selection bias by specifying a ‘Heckman model’ for party preferences of outsiders and insiders. Then, I investigate the preferences of insiders and outsiders for one of the challengers of the social democratic party. The final section concludes.

The theoretical argument

Before outlining the theoretical argument about the electoral behaviour of outsiders and insiders, let me briefly outline the structural process of dualisation and its consequences for politics. In most Western European societies, social and economic inequalities are rising

(OECD 2008, 2011). The reduced capacity of social policy to correct for market inequalities (Emmenegger et al. 2012) and secular processes such as globalisation, post-industrialisation, skill-biased technological changes and transformations in the labour market are seen as the main culprits for the rising inequality: Unemployment rates and, especially, long-term unemployment rates have risen (OECD 2006) and most of job growth in the European Union is due to atypical employment such as part-time employment and temporary or fixed term work (Plougmann 2003). As a consequence fewer labour market participants work in stable, standard employment relations, which characterised the booming post-war decades. This segmentation of the labour market in ‘good’, secure jobs and ‘bad’, unstable jobs is known as dualisation of the labour market (Saint-Paul 2002, Rueda 2006, 2007, Palier and Thelen 2010, Emmenegger et al. 2012). Consequently, individuals find themselves in very different positions in the labour market even though they work in the same occupations. Acknowledging that part-time and temporary employment may improve the economic perspectives for some of the atypically employed, these findings indicate that dualisation brings considerable differences in life chances between the two groups and raises the question about the political consequences of dualisation. Studies analysing the implications of labour market dualisation for individuals have shown that insiders dispose of higher incomes, higher satisfaction with their job and better promotion possibilities than outsiders (Häusermann and Schwander 2012b). The literature on the politics of dualisation has mainly addressed preferences of insiders and outsiders regarding labour market policies as the divergent preferences for labour market policies lie at the heart of the distinction between insiders and outsiders (Rueda 2005, 2007, Emmenegger 2009, Schwander and Häusermann 2012). Recent work has shown that insiders and outsiders also differ more generally with regard to preferences for distributive and regulative policies (Häusermann and Schwander 2011).

The political behaviour of insiders and outsiders, however, remains largely unexplored. The literature offers contradictory arguments about the electoral behaviour of insiders and outsider. Scholars mostly assume that outsiders are politically alienated and show little propensity to participate in the electoral process because they are dissatisfied with democracy (Rueda and King 2008) or no party represents their interests (Rueda 2005, 2006). Contrary to these expectations, Lindvall and Rueda (2012) show in an analysis of Swedish elections that outsiders are likely to support the social democratic party if the party stresses unemployment as an urgent issue and offers compelling employment policies during the electoral campaign. Similarly, Iversen and Stephens (2008: 605) argue that the low-skilled (outsiders) vote for communist and social democratic parties.

We also find quite different arguments in the literature regarding the electoral behaviour of insiders. Rueda (2006, 2007) contends that insiders are the core constituency of the social democratic party because the party feels compelled to defend their interests due to historical and ideological reasons and the weaker political organisation of outsiders. King and Rueda (2008), on the other hand, maintain that in times of globalisation, immigration and high unemployment, (low-skilled) workers in standard jobs (insiders) may increasingly hold anti-immigrant and protectionist preferences. In order to defend their privileges against non-standard and immigrant rival workers, they are expected to vote for radical (right) parties. Indeed, literature on the electorate of right populist parties has shown that low-skilled workers do over-proportionately support right populist parties (Mayer and Perrineau 1996, Dolezal and Lachat 2008, Oesch 2008, Bornschier 2010), but without taking into account the differentiation between insiders and outsiders.

With the exception of the electoral behaviour of insiders and outsiders in Sweden (Lindvall and Rueda 2012), none of the presented arguments focussing on insiders and outsiders have

been tested empirically. The present article is the first empirical study to examine the electoral behaviour of outsiders and insiders in a comparative and systematic perspective.

I conclude that it is far from clear which party enjoys the loyalty of insiders or outsiders, and, if we are interested in the electoral behaviour of outsiders and insiders, we need to consider not only party preference but also the possibility of non-voting. Moreover, in proportional or mixed electoral systems, voters are presented with an electoral alternative to the social democratic party, either a left or a right populist party. Essentially, outsiders have three options of electoral behaviour: They may either vote for the main party of the left, vote for another party or refrain from participating in politics at all.

My argument about the electoral behaviour of insiders and outsiders includes the supply side of political competition.³⁷ I argue that due to differences in party configurations and the incumbency status of the social democratic party, the electoral behaviour of insiders and outsiders differs cross-nationally. Parties are not passive objects exposed to the attitudes and preferences of voters, but political subjects that actively seek the support of political potentials (Sartori 1969, Przeworski and Sprague 1986, Kriesi et al. 2008b). In general, the social democratic party aims to mobilise its entire electoral potential, but under certain conditions, the social democratic party is not able to mobilise both insiders and outsiders. If insiders and outsiders are not mobilised jointly, this has two consequences: First, either insiders or outsiders are less likely to support the social democratic party, or, second, insiders or outsiders are less likely to participate in elections. I further argue that the

³⁷ The argument about the importance of party competition for the social democratic electoral strategy regarding low-skilled and high-skilled insiders and outsiders has been originally made in the project application for the project „Who is in and how is out?“, funded by the Swiss National Science Foundation (grant number 100017-131994/1). The project is conducted by Silja Häusermann, Thomas Kurer and Hanna Schwander.

electoral behaviour of outsiders depends on the mobilisation efforts of parties and the electoral alternatives, both factors being influenced by the party configuration.

Let us first discuss the outsiders' electoral behaviour in majoritarian electoral systems.

When only two parties compete for votes, the left party is drawn to the median voter in the middle of the political spectrum (Downs 1957), i.e. to the insiders. The outsiders are neglected by both parties. Thus, in majoritarian systems, outsiders find no party that mobilises them and choose therefore to abstain from voting (H1).

The argument explains insiders and outsiders' electoral behaviour in majoritarian systems, but not in proportional or mixed electoral systems, where the social democratic party faces a different competitive constellation. If more than one party competes for the votes on the left side of the political spectrum, parties adapt their electoral campaign accordingly. Pontusson and Rueda (2010), for example, argue that left parties only react to economic inequality with redistributive policies (which are in the interests of outsiders, see Häusermann and Schwander 2011) if low-income voters participate in the electoral process, which is far from certain. However, the presence of a second left party increases turnout rates among the less privileged voters (Anderson and Beramendi forthcoming) which makes it more attractive for parties to target these voters. Thus, the competition for the left votes prevents the main left party to move to the median voter, which is why both parties aim to mobilise the under-privileged. The argument can be extended to the presence of a right populist party. Since the 1990s, workers (mainly male and low-skilled) have become one of the electoral backbones of right populist parties. Thus, not only the existence of a left, but also the presence of a populist right competitor should increase the electoral participation of outsiders. My second hypothesis is therefore: In countries where social democratic parties are confronted with left or populist right challengers, outsiders and insiders have the same probability to participate in the electoral process (H2).

In proportional systems, the incumbency status of the social democratic party figures as a second explanatory factor. In general, the social democratic party intends to mobilise all segments of its electorate. Whether this strategy is successful, however, depends on the incumbency status of the social democratic party: If the social democratic party is in the opposition, it is able to offer a broader range of policy proposals, so that both insiders and outsiders find themselves targeted. If, however, the social democratic party is in the government, its possibilities for electoral offers are more limited. In times of increasing social and economic inequalities and persistent pressure for financial consolidation and labour market flexibilisation, each social democratic government will need to address the question of social security. At the same time, it is compelled to provide economic growth (Green-Pedersen and van Keersbergen 2002, Kitschelt 2003). The social democratic party must thus combine social justice and economic prosperity in practise and not just in theory and will be held accountable for the solutions it proposes.

There are several ways for a social democratic government to react to the pressures to combine an effective labour market with social justice with different distributive implications for its electorate. The government can try to liberalise labour market and welfare state in order to reduce labour costs and provide incentives to accept work. This solution, however, satisfies neither insiders nor outsiders as it reduces the secure positions of insiders, but offers no help to outsiders to improve their labour market position. A second solution is to flexibilise the labour market at the margins and to strengthen the social insurance principle regarding the access to social security. This dualisation strategy, which preserves the privileges of insiders, is likely to reduce the electoral support among outsiders but secures the votes of the insiders which are the main beneficiaries of such a strategy. Third, a strategy of social investment and flexicurity with which the government attempts to enable individuals to participate in the labour market by enhancing skills and employment

opportunities (Lister 2004, Palier 2006a, Morel, Palier and Palme 2011) is more likely to find the support of outsiders, especially if coupled with redistributive policies.

I therefore expect that in proportional or mixed electoral systems, where the social democratic party campaigns as opposition party, it is able to attract the votes of both insiders and outsiders by promising favourable policies to both groups (H3). If the social democratic party competes as incumbent party, by contrast, it has to decide between the interests of insiders and outsiders and is less likely to be supported by both segments equally (H4).

As incumbent party, the social democratic party will be held accountable for the policies of the last legislative period and finds it harder to convince both insiders and outsiders.

Outsiders may then react with opposition to a system that offers few benefits to them (King and Rueda 2008) and vote for one of the radical parties instead. From this argument, hypothesis 5 follows: If the social democratic party fails to mobilise outsiders, they decide to vote for one of the radical parties (H5).

Methods, data and operationalisations

I analyse the electoral behaviour of insiders and outsiders in Germany, France and Britain in the late 1990s and 2000s. The focus on these countries is motivated by their differences with respect to the supply side of political competition. The majoritarian electoral system in Britain prevents a competitor of Labour at the margins of the political spectrum. The French majoritarian electoral system with two rounds for the presidential election is a mixed case between a majoritarian and a proportional system. The first round of the presidential election presents the voters with a wide range of political offers, while voters choose only

between the candidates of the two strongest parties in the second round. Several radical left parties such as *Lutte Ouvrière*, *Parti Communiste* or *Ligue Révolutionnaire* compete for the left votes and the right populist *Front National* shows no signs of electoral weakness. The French Socialists thus struggle with competitors from both the left and the populist right. The competitive situation of the German Social democratic party was more comfortable until the 2000s: Despite the proportional electoral system, the only competition of the SPD from the left was the Green party, which mobilises mainly high-skilled, young socio-cultural professionals with pro-immigration and libertarian attitudes (Dolezal 2010). But since the implementation of the extensive welfare and labour market reform project ‘Agenda 2010’, the SPD faces with *Die Linke* a new left challenger.

The different party systems allow examining the consequences of a varying number of challengers to the main left party for the electoral behaviour of insiders and outsiders. Furthermore, the labour markets of these countries are marked by high degrees of inequality. The dualisation of labour markets is pronounced in Continental Europe (Esping-Andersen 1990, 1999a, Iversen and Stephens 2008, Häusermann and Schwander 2012b) and most prominent in France and Germany (Palier and Thelen 2010). The labour market in Britain displays all the features of a liberal labour market with high wage inequalities and low employment protection. Accordingly, a substantial share of the workforce is confronted with a high risk of atypical employment and unemployment (50.6 percent in Germany, 34.2 percent in France and 39.5 percent in Britain).³⁸ Consequently, these countries have experienced a massive rise in inequality during the last decades or are traditionally characterised by sharp social and economic inequalities (OECD 2008, 2011).

The analysis is based on data from the three waves of the Comparative Study of Electoral Systems (CSES). I focus on elections in the late 1990s and the 2000s because dualisation is

³⁸ Own calculations, based on EU-SILC 2007, see appendix 2.

a recent development in Western Europe and the insider/outsider divide must be rooted in society before we can expect it to be reflected in the electoral behaviour. Due to the fact that I expect the electoral behaviour of insiders and outsiders to differ between the countries I conduct the analysis for each country separately. Using data from CSES has the advantage that respondents were asked immediately after the election for which party they had voted for. Thus, in contrast to other social surveys such as the European Social Survey, the data avoids the ‘mid-term’ effect: If respondents are asked in the midst of a legislation period, the electoral support for the incumbent party might be underestimated, because the government has lost part of its initial support. Data for Germany and Britain refer to the parliamentary elections of the *Bundestag* and the *House of Commons* while data for France refer to the first round of the presidential elections. For two elections I have to rely on other, comparable data sources and merge them to the CSES data set. Data for the French election in 2002 do not include detailed occupation information that would allow operationalising respondents’ outsider-status, so I use the post-electoral survey of the *Panel Electoral Francais 2002*. For the missing British election in 2001, I use the *British Election Study*. In total, I have data from 4 elections in Germany (1998, 2002, 2005 and 2009), 3 elections in Britain (1997, 2001, 2005) and 2 elections in France (2002 and 2007).

The individual decision to participate in the election (i.e. whether to cast a vote or to abstain) creates a potential selection bias in the study of the voting decision because non-voters are systematically excluded from the analysis of party preferences. If the decision to participate is influenced by the same unobserved factors as the decision which party to vote for, we should correct for the selection bias by estimating a Heckman selection model (Heckmann 1979, Guo and Fraser 2010). In the case of the electoral behaviour of insiders and outsiders, both decisions are influenced by the party configuration in the country. If we

do not take into account that outsiders might be less likely to participate, we might overestimate the effect of the outsider-status on the decision which party to vote for. In such a situation, Heckman (1979) proposes to estimate first the probability of a respondent to be in the sample (i.e. to vote) and then use that information for estimating the outcome of interest (i.e. the party preference).

Another requirement of Heckman is the so-called exclusion restriction. It means that we need at least one factor that influences the selection but not the outcome (Achen 1986: 99).

The CSES allows to include ‘satisfaction with democracy’ as exclusion restriction:

Individuals that are dissatisfied with the way democracy works in their country might see no sense to participate in the electoral process. It is, however, hard to find a plausible argument why dissatisfied citizens should be more or less likely to vote for the social democratic party.

Dependent variables

The electoral behaviour of outsiders and insiders constitutes the dependent variable, measured by three dichotomous variables. The first variable ‘abstention’ is based on the question ‘did you cast a ballot in the last election?’. The second variable is ‘voting yes/no for the social democratic party’.³⁹ The third variable is ‘voting for one of the challenger’ of the social democratic party, i.e. either for the *Front National* in France, or for a left challenger (*Lutte Ouvrière*, *Parti Communiste*, *Ligue Révolutionnaire* in France or *Die Linke* in Germany).

³⁹ I use the expression social democratic party for the British Labour party, the French Socialist party and the Germany social democratic party.

Independent and control variables

Individuals are labour market outsiders if they have an over-proportional risk of being atypically employed (unemployment, involuntary part-time or fixed term employment) (see Schwander and Häusermann 2012). To measure the risk, we need to relate individuals to their occupational category (composed by post-industrial class, gender and age) instead of relying on their individual situation alone. By doing so, we assure that respondents who have a high labour market vulnerability – because they work in jobs that are characterised by unemployment or atypical employment – are classified as outsiders even if they happen to be in full time employment at the time the survey is conducted. For this undertaking, I rely on a conceptualisation of outsiders that relates the probability of experiencing atypical employment to the incidence of atypical work within a respondent's occupational category (Häuserman and Schwander 2011, Schwander and Häusermann 2012). Individuals in a category with a significantly higher rate of unemployment or atypical work than the national average are coded as outsiders, those with a lower rate as insiders. It is important to note that both insiders and outsiders are heterogeneous with regard to skill levels (Polavieja 2005, Davidsson and Naczyk 2009, Schwander and Häusermann 2012).

For measuring outsiders and insiders in the CSES, I apply this map of dualisation to the CSES: I construct the occupational categories by gender, age and post-industrial class and code the individuals in the groups that have shown an over-proportional risk of atypical employment as outsiders. Class is measured with the class schema by Oesch (2006), which was regrouped by Rehm and Kitschelt (2005) into five class group: Capital accumulators (high-skilled managers, self-employed and experts), socio-cultural professionals (high-skilled professionals in the public and private service sector), blue-collar workers (unskilled and skilled workers), low service functionaries (unskilled and skilled employees in interpersonal services), and mixed service functionaries (routine and skilled clerk). More

information about the location of the occupations in the class scheme and the distribution of outsiders in the three countries can be found in appendix 1 and 2.

Education is decisive for labour market prospects and political behaviour (Kitschelt 1995, Kriesi 1998, Kalmijn and Kraaykamp 2007, Stubager 2010). Due to this relevance and the heterogeneous skill levels of both insiders and outsiders (see Davidsson and Naczyk 2009, Schwander and Häusermann 2012), I include education in the analysis. Education is measured as the highest completed degree (in 8 levels from uncompleted primary education to post-tertiary education). I split this variable in three dichotomous variables, indicating low, medium and high skills. High skill levels will serve as the reference category.

Following the conventions of the literature, I control for household income, whether a person lives in a couple household, union membership and church attendance. An individual is coded as religious if she or he goes to church at least once a month. I also include self-placement on the left/right scale (ranging from 0 to 10, 10 indicating an extreme right ideology). Satisfaction with democracy is measured by the question ‘how satisfied are you with the way democracy works in your country’, where higher values represent higher satisfaction. For more details on the operationalisation, see appendix 3.

Empirical analysis

I first analyse whether outsiders are less likely to participate in the electoral process than insiders (hypotheses 1 and 2). Next, I turn to the question whether insiders are still the core constituency of social democratic parties or whether outsiders are more likely to vote for social democratic parties than insiders (hypotheses 3 and 4). At this point, I employ a two step procedure: I first analyse the party preferences of insiders and outsiders by using

logistic regressions before I correct for the selection bias due to the unequal likelihood of outsiders and insiders to participate in the electoral process. Then, I investigate whether outsiders choose to vote for a competitor of the social democratic party in France and Germany (hypothesis 5).

Vote abstention

The likelihood of outsiders to participate in politics is analysed by five different models in each country: Model 1 displays the effect of the main independent variable, the outsider-status, on vote abstention. Model 2 controls for different skill levels. Model 3 includes the socio-structural components of the outsider-status. Besides gender, age and class, it also covers the square of age as I expect the relationship between age and voting participation to be curvilinear: In general, age increases the chances to participate, but above a certain level, increasing age reduces the chances to participate because voting might become too tiring and less important for old citizens. Model 4 adds income, union membership and church attendance as well as the two ideological variables self-placement on the left/right scale and satisfaction with democracy to the analysis. Income, union membership and church attendance are all expected to reduce the likelihood of abstention. The less people are satisfied with the way democracy works in their country, the less I expect them to participate in the election process. The relation between self-placement on the left/right scale and voting participation is again expected to be non-linear. People at the margins of the political spectrum have a higher probability to participate especially if we control for satisfaction with democracy because they have a higher interest in politics.

Table 1: Not voting: coefficients from binary logistic regressions, plain and education model

Decision not to vote	Germany		France		Britain	
	M1	M2	M1	M2	M1	M2
Outsider	0.232*** (0.09)	0.164* (0.09)	0.232** (0.10)	0.401*** (0.12)	0.616*** (0.07)	0.620*** (0.09)
Low skills		1.254*** (0.19)		0.083 (0.13)		0.058 (0.12)
Medium skills		0.538** (0.25)		-0.165 (0.13)		0.190 (0.13)
Constant	-2.358*** (0.06)	-3.386*** (0.19)	-1.837*** (0.06)	-1.870*** (0.09)	-1.439*** (0.04)	-1.600*** (0.11)
Pseudo R ²	0.002	0.023	0.002	0.007	0.014	0.015
N	6392	6367	3456	3214	4915	4029

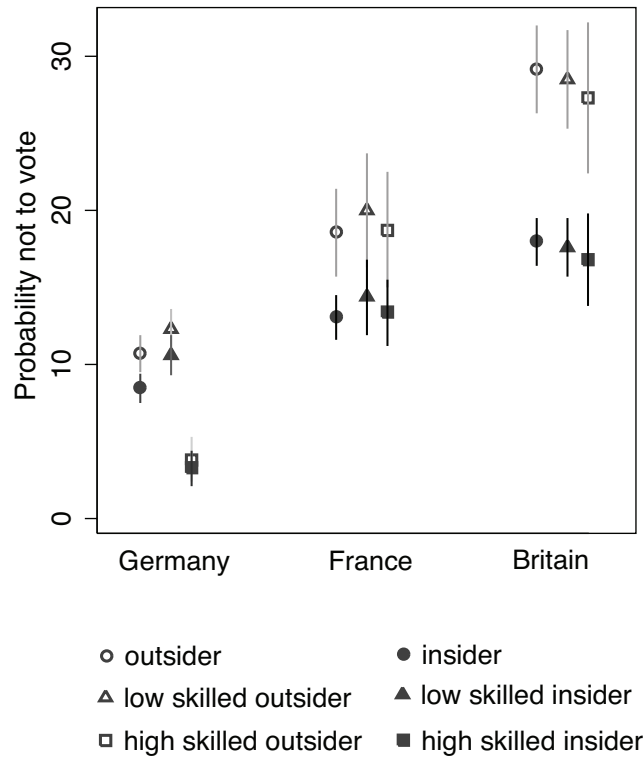
*Notes: Values in parentheses are standard errors; binary logistic regression with robust standard errors; data is weighted; cut-points are not shown due to space restriction; Pseudo R² is the McKley and Zavoina R², high-skills as reference category for education; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level.*

We find that outsiders have a significantly lower probability to participate in elections in all three countries, even if we control for skill levels. Outsiders remain less likely to cast a vote once we control for education (M2). In substantive terms, the probability of an outsider not to vote is 10.7 percent in Germany, 29.2 percent in Britain and 18.6 percent in France, while insiders have corresponding probabilities of 8.5 percent in Germany, 18.0 percent in Britain and 13.1 percent in France. The predicted probabilities for insiders and outsiders of different skills levels and the corresponding confidence intervals (95% level) are displayed in Figure 1. As Figure 1 shows, the differences between insiders and outsiders of the same skill levels are significant in Britain but not in Germany. In Britain, the difference is around 11.0 percentage points between insiders and outsiders of each educational level. In France, the difference between insiders and outsiders is only significant for the low-skilled. Low-skilled outsiders have a likelihood for non-voting of 20.0 percent compared to 14.4 percent for low-skilled insiders.⁴⁰ The fact that we find consistently lower vote probabilities for

⁴⁰ I also tested an interaction effects between low skill levels and outsider-status. In France and Britain, the interaction does not indicate that the effect of outsidership is different among voters with different skill levels. In Germany, insiders and outsiders are equally likely to participate in the election once we include the possibility that outsidership might have different implications for high- and low-skilled individuals.

outsiders in Britain but not in Germany, and only to a certain extent in France supports hypotheses 1 and 2.

Given that individuals with higher education are less likely to abstain from voting, we ask whether higher education may compensate for outsiders' lower chances to vote. If this were the case, high-skilled outsiders should have a lower probability of vote abstention than low-skilled insiders. Comparing the probabilities of high-skilled outsiders and low-skilled insiders shows that in Germany, high-skilled outsiders have indeed a significantly lower probability not to vote than low-skilled insiders. The reverse is true in Britain: High-skilled outsiders are more likely to abstain from voting than low-skilled insiders. The effect in France is similar to the one in Britain but not significant as the overlapping confidence intervals in Figure 1 indicate. Whereas in Britain higher education cannot compensate the reducing effect that the outsider-status has on voting probability, in Germany, the effect of education is clearly more important than being an outsider.



Note: The dots indicate the predicted probabilities for insiders and outsiders not to vote in the three countries, at different skill levels

Figure 1: Predicted probability not to vote for insiders and outsiders, per skill level

Table 2 presents two additional models for the explanation of non-voting. Model 3 includes the socio-structural components of outsiders (gender, age and class). Model 4 integrates the control variables income, union membership, church attendance and the ideological variable self-placement on the left/right scale.

Table 2: Not voting: coefficients from binary logistic regressions, socio-structural and ideological model

Decision not to vote	Germany		France		Britain	
	M3	M4	M3	M4	M3	M4
Outsider	0.302 (0.36)	0.314 (0.45)	-0.201 (0.19)	-0.205 (0.19)	0.386*** (0.15)	0.141 (0.24)
Female	-0.084 (0.35)	-0.197 (0.43)	0.074 (0.14)	0.108 (0.15)	-0.328*** (0.12)	-0.133 (0.19)
Age	-0.078*** (0.02)	-0.048** (0.02)	-0.065*** (0.02)	-0.062*** (0.02)	-0.103*** (0.02)	-0.047 (0.03)
Age ²	0.001*** (0.00)	0.000* (0.00)	0.000* (0.00)	0.000* (0.00)	0.001*** (0.00)	0.000 (0.00)
MSF	-0.314 (0.25)	-0.541* (0.30)	0.239 (0.18)	0.356* (0.21)	-0.117 (0.16)	0.124 (0.24)
BC	0.515** (0.23)	-0.001 (0.28)	0.020 (0.21)	0.108 (0.25)	0.185 (0.15)	0.202 (0.25)
SCP	-0.235 (0.24)	-0.214 (0.29)	0.210 (0.18)	0.304 (0.19)	-0.264 (0.17)	-0.615** (0.29)
LSF	0.653*** (0.25)	0.305 (0.31)	0.605** (0.24)	0.713** (0.28)	0.168 (0.18)	0.114 (0.30)
Low skills	0.852*** (0.21)	0.827*** (0.26)	0.347** (0.16)	0.375** (0.17)	0.306** (0.14)	0.050 (0.24)
	0.256 (0.26)	0.219 (0.33)	-0.116 (0.15)	-0.169 (0.16)	0.208 (0.14)	-0.039 (0.24)
Medium skills						
Income		-0.173*** (0.05)		0.060 (0.06)		-0.065 (0.07)
Union membership		-0.470** (0.19)		-0.211 (0.33)		0.035 (0.17)
Church attendance		-0.481*** (0.13)		-0.139 (0.17)		-0.629*** (0.16)
Left/right self-placement		0.154* (0.08)		0.195* (0.11)		0.326** (0.13)
Left/right self-placement ²		-0.016* (0.01)		-0.017* (0.01)		-0.031** (0.01)
Satisfaction with democracy		-0.494*** (0.09)		-0.244*** (0.08)		-0.206** (0.10)
Constant	-1.134** (0.46)	-0.394 (0.65)	0.021 (0.53)	0.036 (0.67)	1.599*** (0.44)	0.183 (0.87)
Pseudo R ²	0.056	0.078	0.028	0.035	0.064	0.064
N	6367	4958	3214	2997	4026	1729

Notes: Values in parentheses are standard errors; binary logistic regression with robust standard errors; data is weighted; cut-points are not shown due to space restriction; Pseudo R² is the McKley and Zavoina R²; CA as reference category for post-industrial class; high-skills as reference category for education level; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level; LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators.

From Table 2 we gain two main insights: First, model 3 shows that in Britain outsiders are less likely to participate in the election than insiders even if we control for components of the outsider-status. By contrast, in France and Germany, the effect of outsider-status can be

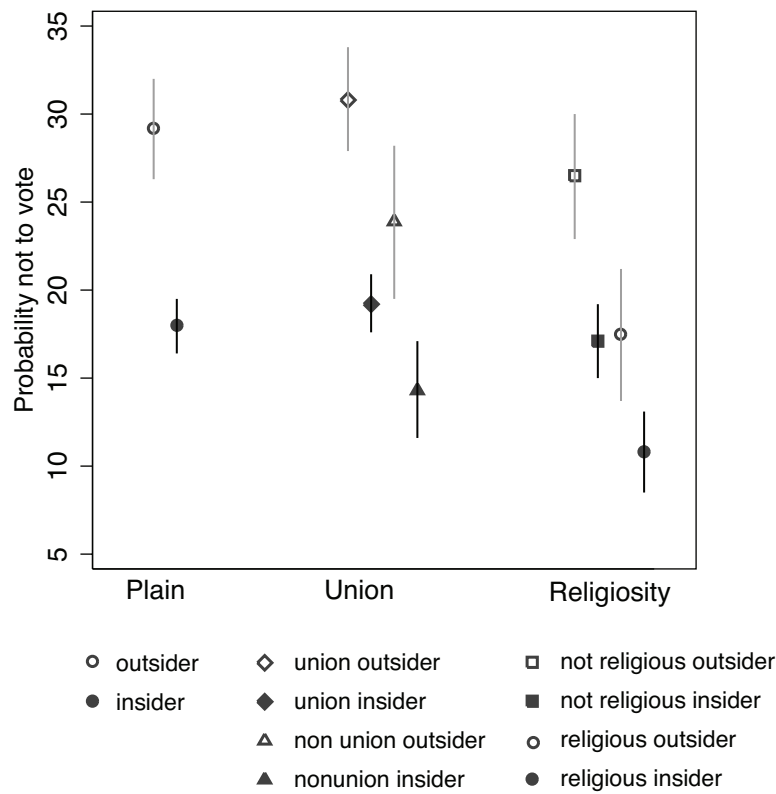
decomposed to its components: The outsider-status loses its significant effect on the vote probability once we control for its components gender, age and class. This corresponds to the expectations in hypotheses 1 and 2: Only in Britain does the outsider-status lead to a smaller likelihood to participate in politics while in Germany and France, outsiders are not less likely to participate than insiders.

Second, both models 3 and 4 reveal considerable cross-national variation in the determinants of vote abstention. Gender, age, class, income and union membership have an inconsistent effect whereas religious individuals and those dissatisfied with democracy are equally more likely to vote in Germany, Britain and France. Also, the curvilinear relationship between ideology and voting probability is confirmed: Voters on the extreme sides have a lower probability not to participate than voters in the middle of the political spectrum in all three countries. Consider the relationship in France: An individual on the extreme left has a 15.4 percent probability not to participate. The probability for the same individual that considers him- or herself moderately left, increases to 18.2 percent, before sinking again to 17.8 percent for a moderate right and 12.3 percent for an extreme right individual.

In Britain, older citizens, union members and regular churchgoers have higher probabilities to vote. Can these characteristics make up for the lower chance of outsiders to do so? To see whether this is the case, I compare the predicted probabilities to vote for insiders and outsiders with and without these characteristics. For instance, I compare the probability for a non-unionized insider with the probability of a unionized outsider. If these characteristics compensate the lower chances of outsiders to participate, the differences between the two individuals should become smaller.

Figure 2 displays the predicted probabilities of the different insider/outsider groups in Britain graphically. If we compare the effect of age and outsider-status on voting probability, age clearly compensates for the effect of being an outsider: Whereas an outsider is clearly less inclined to participate than an insider of the same age, there are no differences between the voting probability of a 30-years old insider and a 35-years old outsider (around 69 percent). Older outsiders are generally more likely to vote than younger insiders. Just as age, regular church attendance make up for the lower voting probabilities of outsiders: A religious outsider has a significantly higher probability to vote than a non-religious insider.⁴¹ Also, union membership partly compensates for being an outsider. A unionized outsider has still a higher probability not to vote than a non-unionized insider, but the difference has become significantly smaller.

⁴¹ The findings hold when we focus on low-skilled, high-skilled or female voters.



Note: The dots indicate the predicted probabilities for insiders and outsiders (Plain), depending on union membership (Union) and church attendance (Religiosity).

Figure 2: Predicted probability not to vote for various insider and outsider groups in Britain

Voting for the social democratic party

Next, I turn to the analysis of the voting behaviour which follows the same structure as the analysis before. I first analyse whether insiders and outsiders differ in their likelihood to vote for the social democratic party (M1). In model 2, I include two dichotomous predictors for low and medium skill levels. The estimates of the models are presented in Table 3. Model 3 in Table 4 adds the socio-structural components of the outsider-status to the analysis. Income, union membership, church attendance and self-placement on the left/right scale are introduced in model 4. We will see that the effect of the outsider-status

on the probability to vote for the social democratic party increases once we include the socio-structural variables, so I test for suppressor effects.

Table 3: Voting for the social democratic party: coefficients from binary logistic regressions, plain and education model

Vote for social democratic party	Germany		France		Britain	
	M1	M2	M1	M2	M1	M2
Outsider	0.010 (0.06)	-0.023 (0.06)	-0.065 (0.10)	0.035 (0.11)	0.092 (0.07)	0.199** (0.09)
Low skills		0.337*** (0.08)		-0.194 (0.12)		0.629*** (0.11)
Medium skills		0.147 (0.11)		-0.246** (0.12)		0.137 (0.12)
Constant	-0.678*** (0.04)	-0.927*** (0.08)	-1.043*** (0.05)	-1.014*** (0.08)	-0.084** (0.04)	-0.491*** (0.10)
Pseudo R ²	0.000	0.003	0.000	0.002	0.000	0.015
N	5617	5596	2718	2535	3587	3016

*Notes: Values in parentheses are standard errors; binary logistic regression with robust standard errors; data is weighted; cut-points are not shown due to space restriction; Pseudo R² is the McKelvey and Zavoina R²; high-skills as reference category for education; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level.*

We find that the outsider-status alone has no effect on the decision which party to vote for. Model 2 shows that education affects the decision to vote for the social democratic party, but in an inconsistent way across countries: In Germany and Britain, low-skilled voters are more likely to vote for the social democrats than high-skilled voters. In France, voters with medium skills (postsecondary education level) are *less* likely to vote for the Socialists than high-skilled voters. By contrast, outsiders are significantly more likely to vote for Labour in Britain once we control for skill levels.⁴²

⁴² With 58 percent, low-skilled outsiders have a significantly higher probability to vote for Labour than low-skilled insiders (53 percent). The same holds for high-skilled voters, where the difference between the vote probability of outsiders (43 percent) and insiders (38 percent) is significant as well. In Germany and France, the differences between low-skilled insiders and outsiders and high-skilled insiders and outsiders respectively, are not significant.

I also tested an interaction effect between low skill levels and outsider-status. In Germany and France, no such interaction effect can be found. In Britain, however, the interaction indicates that low-skilled outsiders are less likely to vote for Labour. While the outsider-status and low-skill levels in general lead to higher chances to support Labour, low skill levels make an outsider less likely to vote for Labour.

Table 4 displays the estimates of the socio-structural and ideological models.

Table 4: Voting for the social democratic party: coefficients from binary logistic regressions, socio-structural and ideological model

Vote for social democratic party	Germany		France		Britain	
	M3	M4	M3	M4	M3	M4
Outsider	0.297 (0.21)	0.413* (0.23)	-0.113 (0.17)	-0.251 (0.20)	-0.005 (0.13)	-0.002 (0.20)
Low skills	0.264*** (0.09)	0.304*** (0.10)	-0.166 (0.15)	0.000 (0.19)	0.516*** (0.13)	0.434** (0.19)
Medium skills	0.139 (0.12)	0.170 (0.13)	-0.150 (0.14)	-0.271* (0.16)	0.032 (0.13)	-0.087 (0.19)
Female	-0.369* (0.19)	-0.386* (0.21)	0.086 (0.12)	0.177 (0.16)	-0.094 (0.10)	-0.088 (0.16)
Age	0.004** (0.00)	0.008*** (0.00)	0.004 (0.00)	0.009* (0.00)	-0.012*** (0.00)	-0.015*** (0.00)
MSF	0.152 (0.13)	0.052 (0.15)	-0.010 (0.17)	0.080 (0.23)	0.358** (0.15)	0.222 (0.21)
BC	0.169 (0.13)	0.101 (0.15)	0.341* (0.19)	0.351 (0.28)	0.769*** (0.13)	0.669*** (0.21)
SCP	0.105 (0.13)	-0.032 (0.14)	0.498*** (0.15)	0.412** (0.20)	0.356** (0.14)	0.288 (0.20)
LSF	0.178 (0.15)	0.133 (0.17)	0.450** (0.23)	0.567* (0.33)	0.866*** (0.16)	0.520** (0.26)
Income		-0.023 (0.03)		0.026 (0.06)		-0.261*** (0.06)
Union membership		0.446*** (0.09)		0.248 (0.37)		0.371*** (0.14)
Church attendance		-0.144** (0.07)		-0.363*** (0.14)		-0.248* (0.13)
Left/right self-placement		-0.192*** (0.02)		-0.500*** (0.04)		-0.450*** (0.04)
Constant	-1.189*** (0.15)	-0.423** (0.20)	-1.499*** (0.22)	0.538 (0.40)	-0.151 (0.19)	3.006*** (0.44)
Pseudo R2	0.005	0.047	0.010	0.183	0.034	0.183
N	5596	4570	2535	2420	3015	1406

*Notes: Values in parentheses are standard errors; binary logistic regression with robust standard errors; data is weighted ; cut-points are not shown due to space restriction; Pseudo R² is the McKley and Zavoina R²; CA as reference category for post-industrial class; high-skills as reference category for education; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level; LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators.*

We find that in Germany, outsiders have a significantly higher likelihood to vote for the social democratic party than insiders once we include the socio-structural and ideological variables. This finding corresponds to the expectation in hypothesis 3 postulating that

insiders and outsiders should differ in their party preferences in a proportional electoral system with an incumbent social democratic party. In France, by contrast, where the social democratic party campaigns as the opposition party, the chances of insiders and outsiders to vote for the French Socialists do not differ. As expected in hypotheses 4, the PSF is able to mobilise insiders and outsiders equally.

Regarding the effects of the socio-structural components and the control variables, we find similarities and variance across the countries: gender, age, class, income and union membership show no consistent effect across countries, whereas religious voters and voters with a right ideology are less likely to vote for the social democratic party in all countries. The significant effect of outsidership in Germany is the result of a suppressor effect of union membership. Outsiders are less likely to be union members than insiders but union members are more likely to support the social democratic party (results not shown). To see whether the inclusion of union membership increases the effect of outsider-status, I compare the insider/outsider difference on the probability to vote for the SPD with and without the effect of union membership. Being an outsider makes an exemplary individual 8 percentage points more likely to vote for the SPD.⁴³ If we include the effect of union membership, the difference between the insider and the outsider rises to 11 percentage points. This explains why we find a significant effect of the outsider-status in Germany once we include union membership.

The analysis revealed that insiders and outsiders differ in their probability to participate in politics, in particular low-skilled insiders and outsiders. As argued before, the probability to participate is likely to be influenced by the same unobserved factors as the party preference.

As a robustness test, I present a Heckman model for the decision to vote for the social

⁴³ Difference between the vote probability of a 30-years, low-skilled female outsider and of the same person being an insider.

democratic party for each country in Table 5. I include the main independent variable plus those variables in the outcome equation that were significant in the logit models for vote abstention in one of the countries (see Table 4). The dependent variable of the selection equation is the individual participation decision. The selection model includes as independent variables the outsider-status, gender, age, age², income, union membership, church attendance and the three variables denoting the ideological orientation of the respondent (self-placement on the left/right scale, self-placement² and satisfaction with democracy). Satisfaction with democracy represents the exclusion restriction.

Table 5: Voting for the social democratic party: Heckman for the effect of outsider-status on vote decision

Vote for social democratic party	Germany		France		Britain	
Outsider	0.216*	(0.126)	-0.156	(0.107)	0.042	(0.104)
Income	-0.040**	(0.016)	0.018	(0.035)	-0.148***	(0.029)
Low skills	0.253***	(0.060)	-0.035	(0.106)	0.229**	(0.108)
Medium skills	0.128*	(0.074)	-0.142	(0.087)	-0.046	(0.103)
MSF	0.018	(0.079)	0.071	(0.121)	0.102	(0.096)
BC	0.056	(0.079)	0.239	(0.148)	0.315***	(0.100)
SCP	-0.025	(0.077)	0.249**	(0.105)	0.083	(0.092)
LSF	0.065	(0.091)	0.350**	(0.178)	0.245**	(0.119)
Female	-0.173	(0.119)	0.087	(0.088)	-0.106	(0.080)
Age	0.003**	(0.001)	0.006**	(0.003)	-0.013***	(0.003)
Union membership	0.218***	(0.053)	0.154	(0.186)	0.170**	(0.075)
Church attendance	-0.128***	(0.042)	-0.172**	(0.077)	-0.201***	(0.069)
Left/right self-placement	-0.102***	(0.010)	-0.278***	(0.020)	-0.218***	(0.018)
Constant	-0.071	(0.114)	0.038	(0.239)	2.104***	(0.218)
Vote						
Outsider	0.046	(0.139)	-0.045	(0.085)	-0.115	(0.096)
Gender	-0.098	(0.138)	-0.013	(0.073)	0.106	(0.082)
Age	0.026***	(0.010)	0.025**	(0.012)	0.030**	(0.014)
Age ²	-0.000**	(0.000)	-0.000	(0.000)	-0.000	(0.000)
Income	0.079***	(0.021)	0.006	(0.024)	0.034	(0.031)
Low skills	-0.381***	(0.096)	-0.241***	(0.081)	-0.092	(0.117)
Medium skills	-0.206	(0.125)	0.085	(0.075)	-0.024	(0.117)
Union membership	0.149*	(0.081)	0.149	(0.154)	0.018	(0.080)
Church attendance	0.147**	(0.062)	0.150**	(0.067)	0.188**	(0.078)
Left/right self-placement	-0.063*	(0.037)	-0.227***	(0.066)	-0.289***	(0.065)
Left/right self-placement ²	0.006*	(0.003)	0.021***	(0.006)	0.026***	(0.006)
<i>Satisfaction with democracy</i>	-0.258***	(0.036)	-0.162***	(0.040)	-0.148***	(0.048)
Constant	1.545***	(0.293)	0.955***	(0.353)	0.768*	(0.406)
Observations	5011		2997		1749	
rho	-0.840		0.554		-0.987	
p of rho	0.001		0.054		0.001	

Notes: Values in parentheses are standard errors; heckprob regression with robust standard errors; data is weighted; cut-points are not shown due to space restriction; Pseudo R^2 is the McKley and Zavoina R^2 ; CA as reference category for post-industrial class; high-skills as reference category for education level; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level; LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators; the variable in italics indicates the selection restriction.

Rho is significant for all countries, indicating a selection bias and justifying the use of

Heckman models. If we compare the effects of the logit and the Heckman models, we note

that accounting for the selection mechanism leads to similar results but smaller differences

between insiders and outsiders in the probabilities to vote for a social democratic party. In

Britain and France, outsiders do not differ from insiders in their probability to vote for the moderate left party. By contrast, in Germany, outsiders are still more likely to vote for the social democratic party than insiders, which confirms hypothesis 4.

Voting for left or populist right parties as alternatives to the social democratic vote

We have seen so far that outsiders are less likely to participate in politics in Britain but are more likely to vote for the SPD in Germany. How does the political behaviour of French outsiders differ from the behaviour of insiders? France is a revealing case as the mixed electoral system offers the voters a wide range of electoral alternatives to the party of the moderate left. In a situation where the French Socialists were excluded from the government during the 2000, voters who are dissatisfied with the PSF may not only choose not to cast a vote but can also choose to vote for either one of the various left competitors or the right populist party (hypothesis 5). The Heckman models showed non-significant *rhos* indicating that we do not encounter a selection bias, so I present the estimates of regular logit models instead.

Table 6: Voting for the challengers in France: coefficients from binary logistic regressions, all models

Vote for the challengers	M1	M2	M3	M4
Outsider	0.278** (0.12)	0.276** (0.13)	-0.015 (0.20)	-0.045 (0.21)
Low skills		0.418*** (0.16)	0.349* (0.19)	0.255 (0.22)
Medium skills		0.796*** (0.14)	0.538*** (0.16)	0.495*** (0.16)
Female			-0.081 (0.15)	-0.053 (0.18)
Age			-0.025*** (0.00)	-0.024*** (0.00)
MSF			0.151 (0.18)	0.072 (0.23)
BC			0.466** (0.20)	0.317 (0.28)
SCP			-0.479** (0.20)	-0.454** (0.20)
LSF			0.105 (0.28)	-0.055 (0.40)
Income				-0.022 (0.10)
Union membership				-1.080** (0.44)
Church attendance				-0.204 (0.17)
Left/right self-placement				-0.315*** (0.10)
Left/right self-placement ²				0.032*** (0.01)
Satisfaction with democracy				-0.485*** (0.08)
Constant	-1.560*** (0.07)	-2.032*** (0.12)	-0.664*** (0.25)	1.393** (0.62)
Pseudo R ²	0.003	0.019	0.052	0.084
N	2951	2743	2743	2563

Notes: Values in parentheses are standard errors; binary logistic regression with robust standard errors; data is weighted; cut-points are not shown due to space restriction; Pseudo R² is the McKelvey and Zavoina R²; CA as reference category for post-industrial class; high-skills as reference category for education level; * = significant at the 0.1 level, ** = significant at the 0.05 level, *** = significant at the 0.01 level; LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators.

Table 6 shows that outsiders and voters with low skills are more inclined to support one of the PSF's challengers (Model 1-Model 2). The effect of the outsider-status is mainly driven by the higher likelihood of outsiders to vote for one of the left alternatives to the French

Socialists. By contrast, outsiders are not more likely to vote for the *Front National* (results not shown). The higher likelihood of outsiders to vote for the left alternatives remains significant until we control for age, which reduces the probability to vote for one of the alternatives.

It seems that in France, outsiders do not react to a potential dislike of the social democratic party by abstaining from the electoral process but by voting for one of the left challengers of the Socialists. When examining the likelihood of outsiders to support the new challenger of the social democratic party in Germany, we find that outsiders are not more likely than insiders to vote for *Die Linke* (results not shown). The findings support the idea that not only the competitive situation of the social democratic party within the party system may be important for securing the vote of insiders or outsiders but also the status of social democratic parties as incumbent or opposition party. I interpret this finding as supportive evidence for hypothesis 5.

Conclusion

In the context of increasing social and economic inequality and especially in the light of the ongoing economic recession, the political implications of labour market dualisation remain a pressing issue. In this article, I explore the electoral behaviour of labour market insiders and outsiders in Germany, France and Britain, drawing on data from the Comparative Study of Electoral Systems (CSES). I argue that their electoral behaviour is influenced by both the party configuration and the incumbency status of the social democratic party.

Let me summarise the main findings: First, the electoral behaviour of insiders and outsiders varies across countries. In Britain, outsiders are less likely to participate in politics, but once

they decide to cast a vote, they are equally supportive of Labour than insiders. In Germany and France, the bivariate effect of the outsider-status on participation can be explained by its socio-structural components. Being an outsider loses its effect on the vote probability once we control for its components gender, age and class. This is in line with the expectation that outsiders should be less likely to participate in the elections in a majoritarian system, but not in countries with proportional or mixed electoral systems, where the social democratic party faces competition from the left or the populist right. The findings also correspond to the expectations regarding party preferences of insiders and outsiders. In Germany, where the SPD was part of the governing coalition in the 2000s, outsiders are more inclined to support the social democratic party than insiders. In France, by contrast, outsiders are more likely to support one of the challengers to the PSF, either the right populist *Front National* or one of the radical left parties, but do not differ from insiders in their support for the socialists. The expectation that variations in party competition and incumbency status of the social democratic party explain differences in insiders and outsiders voting behaviour is thus confirmed.

As robustness test I employed Heckman selection models to account for the selection bias caused by the systematic exclusion of non-voters in the analysis of party preference.

Controlling for the selection effect confirmed that in Germany outsiders are more supportive of the social democratic party than insiders.

By analysing the electoral behaviour of insiders and outsiders comparatively and underlining the importance of party configurations for the electoral consequences of dualisation, the findings of this article improve our understanding of the politics of dualisation. The article demonstrated that social democratic parties might be able to mobilise both insiders and outsiders if competing as opposition party. The article also

indicates that this might be less feasible for governing social democratic parties. However, in the light of the ongoing international debt crisis and the increased pressure to adapt labour markets to post-industrial challenges, the finding that governing parties might lose the electoral support of one segment of their electorate – the low-skilled insiders – but gain in turn the support of outsiders might be reassuring for social democratic politicians.

Appendix

Appendix 1 – Classification of occupations in post-industrial class groups

Classification of occupations in post-industrial class groups, based on Oesch 2006 and Kitschelt and Rehm 2005: 23 (adapted from Häusermann 2010)

Independent work logic	Technical work logic	Organizational work logic	Interpersonal work logic	
Large employers, self-employed professionals and petty bourgeoisie with employees (Capital accumulators) <i>self-employed and ISCO88-2d <=24</i>	Technical experts (Capital accumulators) <i>ISCO88-2d 21</i> Technicians (Mixed service functionaries) <i>ISCO88-2d 31</i>	Higher-grade managers (Capital accumulators) <i>ISCO88-2d 11, 12</i> Associate managers (Capital accumulators) <i>ISCO88-2d 13</i>	Socio-cultural semi-professionals (Socio-cultural professionals) <i>ISCO88-2d 22-24, 32-34</i>	Professional/ managerial Associate professional / managerial
Petty bourgeoisie without employees (Mixed service functionaries) <i>self-employed and ISCO88-2d >24</i>	Skilled crafts (Blue-collar workers) <i>ISCO88-2d 71-74</i> Routine operatives and routine agriculture (Blue-collar workers) <i>ISCO88-2d 61, 92, 81-83, 93</i>	Skilled office workers and routine office workers (Mixed service functionaries) <i>ISCO88-2d 41, 42</i>	Skilled service and routine service (Low service functionaries) <i>ISCO88-2d 51, 52, 91</i>	Generally / vocationally skilled Low/ un-skilled

Appendix 2 – Identification of insiders and outsiders across countries

Germany	N	Atypical work / unempl.	France	N	Atypical work / unempl.	Britain	N	Atypical work / unempl.
LSF young women	539	32.1	LSF young women	794	28.2	LSF young women	623	31.1
LSF young men	193	-3.1	LSF young men	293	6.6	LSF young men	285	6.2
LSF old women	874	44.1	LSF old women	1038	24.0	LSF old women	597	22.1
LSF old men	360	-10.9	LSF old men	260	-7.0	LSF old men	284	-5.7
SCP young women	1117	12.5	SCP young women	727	11.0	SCP young women	503	3.3
SCP young men	600	-14.8	SCP young men	385	-3.5	SCP young men	308	-17.4
SCP old women	1944	15.0	SCP old women	830	-5.8	SCP old women	596	3.2
SCP old men	1282	-24.0	SCP old men	601	-21.6	SCP old men	444	-13.1
BC young women	154	18.0	BC young women	230	25.3	BC young women	54	7.7
BC young men	983	-17.9	BC young men	1248	-0.7	BC young men	638	-15.4
BC old women	300	26.2	BC old women	394	18.9	BC old women	126	1.1
BC old men	1458	-16.0	BC old men	1321	-17.0	BC old men	922	-18.6
MSF young women	545	15.6	MSF young women	559	14.3	MSF young women	454	9.7
MSF young men	415	-19.3	MSF young men	379	-7.5	MSF young men	206	-9.5
MSF old women	911	22.2	MSF old women	620	6.3	MSF old women	536	6.6
MSF old men	725	-25.3	MSF old men	367	-23.8	MSF old men	218	-18.2
CA	1364	-19.5	CA	1287	-20.9	CA	1700	-19.9
Total	13,764		Total	11,333		Total	8,494	
Mean		37.8	Mean		34.7	Mean		27.5
Standard deviation		22.9	Standard deviation		17.9	Standard deviation		16.8

Note: Values are the deviations in percentage points of a group working in atypical employment or unemployed from the country-mean. Highlighted groups are significantly more affected by atypical employment / unemployment than the average workforce; based on EU-SILC 2007.

Abbreviations: LSF are low service functionaries; SCP are socio-cultural professionals, BC are blue-collar workers, MSF are mixed service functionaries and CA are capital accumulators, Young means < 40; old means > 40.

Appendix 3 – Table of operationalisation

Variable	Operationalisation
Vote for the social democratic party	A2030, A2031, B2018_1C3032_PR_1, C2023_LH_PL; dichotomous variable measuring if respondent has voted for social democratic party; 1 = vote for social democratic party, 0 = vote for other party
Abstention	A2028, B3004, C3021_1; dichotomous variable measuring if respondent has voted in last election; 1 = not voted; 0 = voted
Vote for a challenger of the social democratic party	A2030, A2031, B2018_1C3032_PR_1, C2023_LH_PL; dichotomous variable measuring if respondent has voted for one of the left or populist right contender of the social democratic party; 1 = vote for contender; 0 = not vote for contender
Classes	A2008; B/C2012; ISCO-2d codes; recoded into CA, MSF, BC, SCP, LSF; see appendix 1
Outsider	Recoded from EU-SILC map of dualisation; see appendix 2
Female	A/B/C2002; gender of respondent; 0 = male, 1 = female
Age	A/B/C2001; age in years
Education	A/B/C2003; continuous variable based on highest completed degree; 1 = no education, 8 = completed university degree
Low skills	A/B/C2003; dichotomous variable based on highest completed degree; 0 = completed higher secondary education, 1 = below completed secondary education
Medium skills	A/B/C2003; dichotomous variable based on highest completed degree; 1 = completed higher secondary education, 0 = below completed secondary education or tertiary education
High skills	A/B/C2003; dichotomous variable based on highest completed degree; 1 = tertiary education, 0 = below tertiary education
Income	A212, B/C2020; total household income; 0 = lowest income quintile, 1 = second income quintile, 2 = third income quintile; 3 = income quintile, 4 = highest income quintile
Church attendance	A2015, B2023; how often does respondents go to church; 1 = at least once a month, 0 = less than once a month
Living in a couple household	A/B/C2004; dichotomous variable measuring if respondent lives in a couple household; 1 = married or living with someone, 0 = single, divorced, widowed
Union membership	A/B/C2005; dichotomous variable measuring union membership; 1 = union member, 0 = not a union member
Left/right self-placement	A3031, B3045; C3013; self-placement on the right/left scale; 0-10; 0 = extreme left, 10 = extreme right
Satisfaction with democracy	A3001, B3012; C3019; satisfaction with democracy; 4 = very satisfied, 3 = fairly satisfied, 2 = not very satisfied, 1 = not at all satisfied

Conclusions

The starting point of the thesis has been the unequal distribution of labour market risks in the course of post-industrialisation in Western Europe which divides the workforce in insiders with secure labour market positions and more marginalised outsiders. The thesis has addressed the question of a politicisation of this insider-outsider divide. I have investigated this question from four different perspectives with different empirical approaches mixing thereby large N-studies with more detailed case studies: I have examined the socio-structural foundation of dualisation, i.e. of the distribution of labour market vulnerability across different socio-structural groups, the divergent preferences of insiders and outsiders with different skill levels regarding labour market and social policies, the response of social democratic parties to dualisation and its electoral consequences.

Findings and implications

I show that a full politicisation of the insider-outsider divide is unlikely to manifest itself despite the fact that labour market vulnerability is concentrated among certain socio-structural groups and that insiders and outsiders have divergent political preferences. As shown in Chapter 1, labour market vulnerability is concentrated among women, as well as young and lower skilled individuals but the extent to which different groups are confronted with these labour market risks varies across countries, as does the share of outsiders among the entire workforce. We developed a dichotomous measure for outsiders and a continuous measure for the degree of outsidersness, i.e. for the extent to which someone is affected by these labour market risks. We also showed that both being an outsider and higher degrees of

outsiderness result in lower income and reduced upward mobility and distinct preferences regarding labour market policies. These risk-based measures enable us to study the political consequences of dualisation as it is based on more stable social and economic categories that affect their life chances and constraints over a longer time. Hence, these measures might be of interest to other scholars in this research field. The analysis also showed that insiders and outsiders are heterogeneous with regard to class, age and gender, which is a first reason why a full politicisation of the insider-outsider divide is rather unlikely. Most important in this regard is the heterogeneity of outsiders in terms of skills that affects their labour market prospects and expectations regarding the welfare state, i.e. their welfare state preferences. This makes it unlikely that they can be mobilised as a single group.

The analysis of insiders and outsiders' preferences in a broader welfare state perspective included the effect of education, since we have seen that high skill levels are no guarantee to avoid labour market risks. In addition to analysing welfare state preferences on the individual level, Chapter 2 investigated the size of preference differences between insiders and outsiders and linked them to the extent of dualisation. The results showed that while insiders and outsiders do prefer a different kind of welfare state, differences are less marked than we would expect given the extent of dualisation. For a full cleavage to develop we would expect the preference divide to increase with increasing barriers between insiders and outsiders, i.e. we would expect it to be most pronounced in Continental and Southern Europe. However, this turns out not to be the case. In Continental and Southern Europe, outsiders are mostly dependent family members (wives, young adults, see Schwander and Häusermann 2012). Together with the social insurance orientation of Continental and Southern welfare states, this offers outsiders the possibility to compensate their weak labour market attachment through household formation with insiders. Hence, in exactly those

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countries where dualisation is most pronounced, a shared notion of membership, which is essential for forming a collective identity as outsiders distinct from insiders, is missing.

The last reason why a full politicisation of the insider-outsider divide is unlikely relates to the electoral strategies of social democratic parties in the context of dualisation. For a political potential to be politicised, a political actor (most likely a political party) needs to mobilise the potential (Sartori 1969, Kriesi et al. 2008a, Bornschieer 2010). However, I demonstrated that social democratic parties neither mobilise insiders nor outsiders, but rather try to mobilise a larger electoral coalition composed of insiders and outsiders at different skill levels. The analysis revealed that the social democratic electoral strategy depends on the electoral incentives set by party competition. In addition, the most important logic for social democratic parties was the social investment logic of the welfare state which enables the social democratic parties to combine outsider-policies and an effective labour market.

However, the analysis of the electoral behaviour of insiders and outsiders in Germany, France and Britain revealed that the social democratic strategy to mobilise a large electoral coalition composed of different insider and outsider groups, was not always successful. Thus, we find that the insider-outsider divide showed in the electoral arena despite the small preferences divides and the often inclusive electoral strategies of social democratic parties. The insider-outsider divide in the electoral arena manifests itself in either different probabilities of abstaining from voting, or voting for either the social democratic party or one of its competitors depending on the configuration of the party system. However, the chapter also demonstrated that the social democratic party is able to mobilise both insiders and outsiders if it campaigns as opposition party. Conversely, insiders and outsiders differ in their party preferences if there is a party alternative to vote for and the social democratic party competes as incumbent party.

Limits of the analysis and future research agenda

The thesis has demonstrated that dualisation results in divergent labour market and social policy preferences of insiders and outsiders and has – depending on the party system – consequences in the electoral arena. Further research along four lines seems to be promising. First, one of the most intriguing findings is that size of preference divides between insiders and outsiders and the extent of institutional dualisation do not correlate as strongly as we would expect from a rational-choice perspective. The line of argument suggested in Chapter 2 that outsiders compensate their labour market vulnerability by sharing a household with an insider and by gaining social rights as members of an insider household. This reduces the effect of labour market vulnerability on formation of distinct political preferences between insiders and outsiders. Because outsiders are likely to be their sons, daughters or wives, also insiders favour policies in the interests of outsiders in Continental and Southern European countries. Vice versa, outsiders support insider-policies because they benefit from these policies as members of a household with an insider. However, we were unable to test similar mechanisms for the Southern European countries. Therefore, further research should investigate the mechanisms in more details and also spell out alternative mechanisms how outsiders compensate for their weak labour market attachment. Furthermore, it is unclear to what extent these bonds of household solidarity are likely to persist. In the course of the current employment crisis in Southern Europe first signs of a breaking of generational solidarity are visible as young adults demand better access to the labour market. At the same time, it is telling that demands for a reduction of privileges of insiders are seldom voiced (so far). This might also indicate that despite the fact that insider-policies are part of the reason for their precarious labour market attachment, outsiders hope to become insiders one day and to benefit from these policies themselves.

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The thesis also revealed the necessity for a comparative and qualitative measure of dualisation. Most of the literature presumes the insider-outsider divide to be most pronounced in Continental and Southern Europe (Esping-Andersen 1990, 1999a, Ferrera 2005, 2007, Iversen and Stephens 2008, Palier and Thelen 2010, Häusermann and Schwander 2012b). Further, dualisation is associated with institutions that hamper the entry to the labour market (Esping-Andersen 2000, Rueda 2007, Jessoula, graziano and Madama 2010, Palier and Thelen 2010, Eichhorst and Marx 2012). However, an exact measure of dualisation that would enable us to compare the extent of dualisation over time or across countries is lacking. Chapter 2 that deals with determinants of insider-outsider divides in Europe suggested an index of dualisation based on the strictness of employment protection for the standard employed and the level of labour costs. However, a more comprehensive measure of dualisation would include not only institutional components but also a socio-structural dimension of dualisation such as the share of outsiders (Schwander 2010, see also Fernández-Albertos and Manzano 2011, who measured the extent of dualisation through employment protection legislation and the share of outsiders) or the distribution of labour market vulnerability in the workforce.

Regarding political mobilisation of insiders and outsiders, the thesis has concentrated on the effects of dualisation in the electoral arena of political competition by examining the social democratic electoral strategies and the electoral behaviour of insiders and outsiders. I have argued that parties address the interests of the contested electorate in particular during the electoral campaign because they fear for the electoral support of these segments. By contrast, the policies that a party actually implements once it has taken office, or the stances of parties in parliamentary debates remain unexplored in my research. It is possible that parties campaign for election by addressing the interests of the swing-voters but actually implement policies in favour of the core constituency. In order to strengthen the link

between dualisation and political representation, further research should compare the positions of parties in the parliamentary arena and the policies that (social democratic) governments implement during the legislative period. Do positions in the parliamentary arena and implemented policies correspond to the positions in the electoral campaigns? How do voters react to an eventual discrepancy between the party position during the electoral campaign and in the parliament? A related question addresses the electoral consequences of welfare state reforms: How do voters react to actual welfare state reforms? Do specific voter groups reward different kinds of welfare state reforms?

Another direction for future research is to investigate the link between the electoral campaign and the vote decision of insiders and outsiders. While material self-interest and the economy in general are important issues for the vote decision (Powell and Whitten 1993, Duch and Stevenson 2008), especially in times of economic crisis and for economically disadvantaged persons (Singer 2011), cultural attitudes influence political behaviour as well (Lipset and Rokkan 1967, Kriesi 1998, Kriesi et al. 2006, 2008a, Oesch 2008, Bornschier 2010). It is therefore not clear how relevant the electoral campaign on social policies is for the individual vote decision of insiders and outsiders, i.e. how salient these issues are. Moreover, the ongoing economic recession has resulted in a convergence in the salience that insiders and outsiders attribute to economic issues (Fleury 2012, Lügstenmann 2012) probably making insiders more aware of labour market risks. In general, the economic crisis aggravates the situation of outsiders as their weak labour market attachment makes them feel the vagaries of the economic downturn most strongly. At the same time, individuals and politicians become more aware of the risks of economic exclusion. Looking back in history reminds us of the risk of mass unemployment and economic exclusion of large segments of the population. Hope remains that policy makers

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use the present crisis as a window of opportunity to develop new employment strategies that enable individuals to make the most of their potential.

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EDUCATION AND CURRENT POSITIONS

- | | |
|-------------------|---|
| Since Oct. 2012 | Scientific collaborator in the sfb project "Effects of the Transformation of the Welfare State on Political Party Competition, with Prof. Philip Manow at the Center for Social Policy, University of Bremen |
| 2008 – 2012 | Ph.D candidate and assistant at the Center for Comparative and International Studies and Department of Political Science, University of Zurich, Switzerland.
Thesis on <i>The Politicisation of the Insider-Outsider Divide in Western Europe. Labour Market Vulnerability and its Political Implications</i> .
Committee: Prof. Hanspeter Kriesi, Prof. Silja Häusermann |
| Since August 2011 | Scientific collaborator at the Center for Comparative and International Studies and Department of Political Science, University of Zurich for the SNF-Project 'Who is in and who is out? Dualization and the Political Representation of Insiders and Outsiders in Western Europe', with Silja Häusermann |
| 2011 | Research stay at the Department for Politics and International Relations, University of Oxford, advisor: Prof. David Rueda |
| 2001 – 2008 | Licentiate (equivalent to M.A & B.A) in Political Science, Economics and Sociology, University of Zurich, Switzerland
Thesis: <i>The Occupational Gender Gap in Postindustrial Societies – A Comparative Study</i> (Summa cum laude)
Supervisor: Prof. Hanspeter Kriesi |
| 2005 – 2006 | Visiting Student at the University of Nanterre, Paris, France |

SCHOLARSHIPS AND AWARDS

Fellowship for prospective researchers by the Swiss National Science Foundation (SNF) for a research stay at the Department of Politics and International Relations, University of Oxford, UK, 2011 (7 months).

Several grants by the Swiss National Science Foundation (SNF), the Swiss Academy for Social Sciences and Humanities (SAGW) for participation in Conferences and Summer Schools and the European Sociological Association (ESA), 2008 to date.

ACADEMIC TRAINING

Since 2008	Participant of the program ' <i>Teaching Skills</i> ' including a range of specialized training in teaching techniques and teaching observations. Courses accomplished: <ul style="list-style-type: none">- <i>Lecturing and presenting 2008 (2 days)</i>- <i>Cooperative lecture forms 2009 (2 days)</i>- <i>Coaching students 2009 (2 days)</i>- <i>Planning and realization of peer observations 2010 (half day)</i>
July 2010	European Sociological Association Summer School 2010 (Turku, Finland): Course: 'Academic Journal Writing Workshop for PhD students', Prof. Analia Torres, Instituto Universitario de Lisboa, Portugal, and Prof. Elina Oinas, University of Turku, Finland
August 2009	Essex Summer School in Social Science Data Analysis (Essex, United Kingdom): Course on 'Panel Data for Comparative Research', Prof. Chris Adolph, University of Washington, USA
August 2008	Ljubljana Summer School in Social Science Data Analysis and Collection (Ljubljana, Slovenia): Course on 'Multivariate Analysis and Comparative Survey Research', Prof. Bruno Cautres, Science Politique, France

TEACHING

Fall 2011 – Spring 2012	BA-Research seminar ‘The Political Consequences of the Economic Crisis’ (co-teaching with Prof. Hanspeter Kriesi), 2 semester course, 25 students
Fall 2010	BA-Research seminar ‘Continuity and Changes in Contemporary Capitalism’ (by Prof. Hanspeter Kriesi and Dr. Silja Häusermann), first semester of a 2 semester course, 13 students
Spring 2009, 2010	BA-Lecture Seminar: ‘Comparative Political Science. Cases from Western Europe’, ca. 30 students
Fall 2008, 2009, 2010	BA-Lecture Seminar: ‘Basic Literature in Comparative Political Science’, ca. 30 students
Spring 2008, 2010, Fall 2010	Teaching assistant in introductory seminar: ‘Introduction to Comparative Political Science’, by Prof. Hanspeter Kriesi
since 2008	Supervision of students’ master theses (about 7 theses) and bachelor theses (about 22 theses)

ACADEMIC SERVICES

2009 to date	Referee for Socio-economic Review, Swiss Political Science Review, European Sociological Review, Journal of International Migration and Integration
Since 2011	Co-director of the ‘social policy’ standing group of the Swiss Political Science Association
2008 – 2011	Member of <i>PoliNet</i> , a peer mentoring project at the Center for Comparative and International Studies, ETH and University of Zurich, Switzerland, group leader from August to December 2011
Feb. 2007	Student representative in appointment committees for the chairs ‘Swiss Politics’ and ‘Policy Analysis’ at the University of Zurich, Switzerland

PUBLICATIONS

- forthcoming ‘Who is in and who is out? Proposing a risk-based operationalisation of insiders and outsiders’, *Journal of European Social Policy* (co-authored with Silja Häusermann)
- 2012 ‘Varieties of Dualization? Labor market segmentation and insider-outsider divides across regimes’ in: Emmenegger, Patrick, Silja Häusermann, Bruno Palier and Martin Seeleib-Kaiser (eds.) *The Age of Dualization. Structures, Policies, Politics*. Oxford: Oxford University Press. (co-authored with Silja Häusermann)
- 2012 ‘Switzerland: building a multipillar pension scheme for a flexible labour market’, in: Hinrich, Karl, Matteo Jessoula and Niels Ploug (eds.): *Flexible today – secure tomorrow? The interplay between labour market flexibility and pension reforms for income security in old age*. Basingstroke: Palgrave Press. (co-authored with Silja Häusermann)
- 2008 *Die geschlechtsspezifische Arbeitsmarktsegregation. Eine vergleichende Untersuchung in postindustriellen Gesellschaften*, Saarbruecken: VDM Verlag.

Conference & Working Papers

- 2012 ‘Social democratic parties as insider parties? Counter-evidence from France, Germany and Great Britain’, Paper presented at the Annual Meeting of the Swiss Political Science Association in Lucerne, February 2-3 2012
- 2011 ‘Who are the outsiders and what do they want? Explaining welfare preferences in dualized societies’, Les Cahiers européens de Sciences Po, n° 01, Paris: Centre d’études européennes at Sciences Po (co-authored with Silja Häusermann)
- 2011 ‘Explaining welfare preferences in dualized societies’, Paper presented at the Joint Doctoral Seminar of Oxford and Science Po at Science Po, May 25-26 2011, Paper also presented at the 17th Conference of Europeanists, Montreal, CA, April 14-17th 2010 (co-authored with Silja Häusermann)
- 2010 ‘Assessing the extent of dualization. Comparing differences in pension coverage rates between insiders and outsiders in Britain, Switzerland and Sweden’, Paper presented at the Annual Meeting of the Swiss Political Science Association in Geneva, Switzerland, January 6-7, 2010
- 2009 ‘Identifying outsiders across countries. Similarities and differences in the patterns of dualisation’, Working Paper on the Reconciliation of Work and Welfare (co-authored with Silja Häusermann)

- 2009 *‘Who are the Outsiders and what do they want? Welfare preferences in dualized countries’*, Paper presented at the Annual APSA Meeting in Toronto, Canada, September 3-6, 2009 and at the 5th ECPR General Conference in Potsdam, Germany, September 10-12, 2009 (co-authored with Silja Häusermann)
- 2008 *‘Welfare State Universalism and Social Trust: A Comparision of 20 European Countries’* Paper presented at the Ratio Conference for Young Social Scientists, Stockholm, Sweden, August 21-23, 2008 (co-authored with Oliver Strijbis)
- 2005 *‘Das Parteiensystem der Schweiz aus dem Blickwinkel des Cleavage-Ansatzes’*, Online Publication, Institute of Sociology, University of Zurich